1961 ANNUAL REPORT

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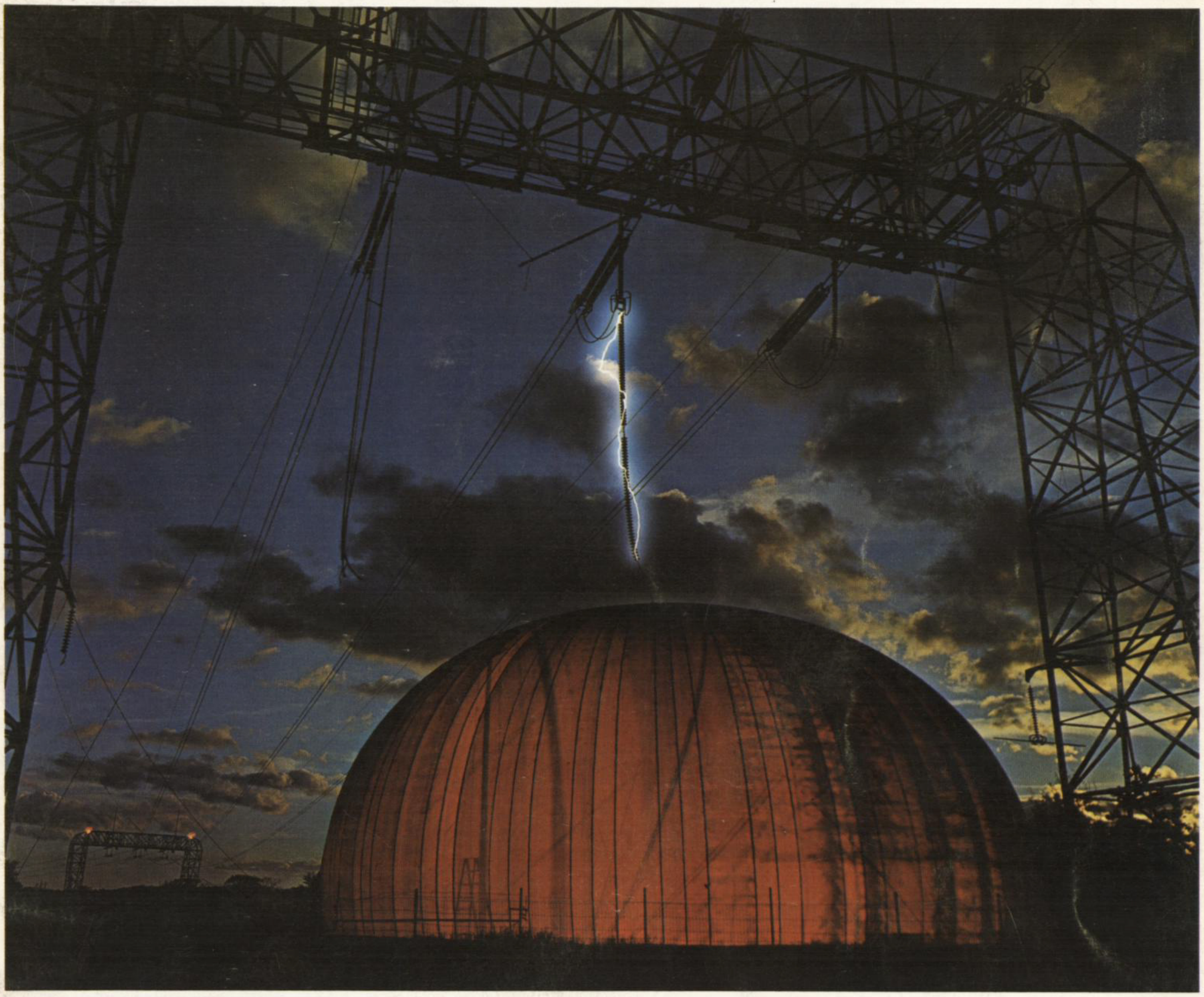

Research and development at General Electric, helping to keep electricity 'today's biggest bargain,' include man-made lightning tests of experimental extra-high-voltage transmission system at Pittsfield, Mass. Equipment's size is indicated by the fact that towers are 12 stories high.

GENERAL ELECTRIC

HIGHLIGHTS of Financial Results

RESULTS—in millions	1961	1960	1959
Net sales billed	$4,456.8	$4,197.5	$4,349.5
Net earnings	242.1	200.1	280.2
Dividends declared	176.4	175.5	174.3
Federal and Canadian income taxes*	241.7	190.7	272.0
Expenditures for new plant and equipment	145.2	136.9	91.3
Depreciation of plant and equipment	117.9	116.0	119.9
PER SHARE—in dollars			
Net earnings	$2.72	$2.26	$3.19
Dividends declared and paid	2.00	2.00	2.00
Federal and Canadian income taxes*	2.71	2.15	3.09

*Includes renegotiation

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NOTE: In this report, unless otherwise indicated by the context, the terms "General Electric" and "Company" refer to the consolidated group of companies described in Notes to Financial Statements on page 28.

FRONT COVER: The ability to move ever larger blocks of power over transmission lines enables utilities to build power plants closer to energy sources, realizing important cost savings. General Electric's experimental extra-high-voltage project in Pittsfield, Mass., is a four-mile, 750,000-volt laboratory where tomorrow's transmission techniques are being developed today. Forty-foot-high dome houses lightning generator equipment.

THE CHAIRMAN'S COMMENTS

In 1961, the men and women of General Electric showed their mettle by an outstanding performance that reversed a downward trend in earnings and brought sales to an all-time high of $4,456,815,169.

Earnings, slipping as the year began, were improved in each succeeding quarter.

A vigorous Company-wide cost-control program, coupled with increasing sales volume, opens up opportunities for continued advancement in 1962.

A series of new assignments in the Executive Office provides young, aggressive and broadly experienced leadership for the Company's decentralized organization.

The 1961 results were achieved despite the depressing effect of abnormally low prices for most of the Company's products. Average prices on producer goods, as an example, were down to 1956 levels, and on consumer goods to 1953 levels, even though today's products offer greater values and the prices paid for materials and employee services have increased.

These lower prices were in part the result of intense industry competition as manufacturers operating well below their productive capacity vied for the available customer orders. Another factor was the constant pressure exerted on price levels by foreign producers with substantially lower wage and salary costs, as well as significant tax and depreciation advantages.

Cost-reduction programs, gaining strength as many similar efforts initiated earlier became fully effective, were especially important in meeting this challenge. Savings were not sought at the expense of quality or service, or by cutting back essential research and development. Rather, they were achieved by managerial and technical innovations which enable work to be performed more effectively and with more efficient use of materials.

General Electric's expenditures for research and development were highlighted by a special study released by the Senate Judiciary Committee during 1961. This showed that in the decade 1950 through 1959, General Electric spent $1.37 billion of Company funds and also performed $1.5 billion worth of research and development work for the Government. In comparison with data on other companies published at the same time, it appears that this level of research and development — averaging $287 million per year—exceeds that for any other company. General Electric's research and development work in 1961 exceeded the ten-year average.

This leadership in science and engineering enables the Company to extend the frontiers of knowledge in the fields in which it is engaged—thus opening up new markets, bringing out new and improved products, and strengthening national security. As one indication of the benefit of such expenditures in prior years, it is estimated that over $2 billion, or about one-half, of General Electric's 1961 sales came from new products which have been introduced since the beginning of World War II.

The national benefits of this research and engineering effort include the fact that General Electric, working with utility customers, has helped develop the nation's resources of electric energy to levels unequaled elsewhere in the world—with such continuing improvements in efficiency that the price of electricity has held almost even over the past twenty years, while other prices generally have doubled. Your Company is proud of its role in keeping electricity "today's biggest bargain."

General Electric intends to contribute in every way possible to maintaining the United States' lead in the development of ample energy resources, including sizable developmental expenditures on entirely new energy sources, as well as improvement in conventional equipment.

The impact of Government action in the economic sphere must be taken increasingly into account in business plans. For example, Government proposals for new trade and tariff policies are receiving constructive study by your management. The Company has generally taken the position that it is wise and will in the long run be profitable to encourage a freer movement of international trade. Protective tariffs are not the best solution to most trade problems but are, we believe, essential bargaining tools if the United States is to negotiate with other countries on mutual reductions in trade barriers. Meeting the challenge of larger common-market areas and the growing competitive strength of other industrial nations will require fiscal responsibility and non-inflationary policies within the United States. Tax and depreciation policies which impose competitive handicaps on industry need revision to encourage capital formation, as outlined on page 25.

A sound program for expanding international trade could strengthen the United States and the free world and in the long run benefit General Electric. Your Company is already demonstrating its ability to adjust successfully to new currents in world trade, as shown by record sales for the Company's international business.

Another factor which could affect the electrical industry is the outcome of legal actions following the antitrust cases discussed on page 22. Your management is vigorously defending the interests of share owners, and is at the same time trying to work toward equitable resolutions of the problems posed for our customers.

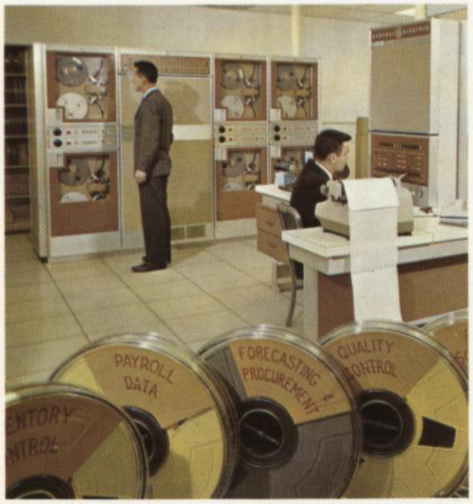
The Board of Directors wishes to express its gratitude for the support of customers and share owners in 1961, as well as the suppliers, dealers and others who contributed to the Company's progress. A special word of appreciation should be added for employees, who again came through in a time of great challenge. Through their devoted efforts, the important story of the year was written not in the headlines but in the record of higher levels of service to customers and earnings for share owners. Looking ahead to the promising opportunities of 1962, we can be assured that the Company has the two greatest elements of business success on our side—outstanding people and outstanding products.

Respectfully submitted for
the Board of Directors,

Ralph J. Cordiner

Ralph J. Cordiner
Chairman of the Board February 16, 1962

IMPROVEMENT IN EARNINGS a primary objective for General Electric in 1961



Photographed at left—General Electric's use of General Electric computers illustrates one way in which the Company is employing advanced electronics technology for more integrated control of operations and improved results.

Top: GE225 computer at Meter Department in Somersworth, N. H., provides integration of entire business system, including factory and finished-goods inventory control and production scheduling of over 5,000 different watthour meters and 1,000 instrument transformer models.

Center: Processing of orders received from distributors throughout the world for appliance renewal parts is speeded by computer in New Concord, Ohio, distribution center. Long instruction sheet prepared by computer helps in locating more than 55,000 different parts stocked in warehouse.

Bottom: First application of Hotpoint Division's new computer in Chicago is the collecting, storing and analyzing of sales data enabling the Division and its distributors to meet their marketing commitments more efficiently. Its tasks range from payroll processing to engineering and design computations.

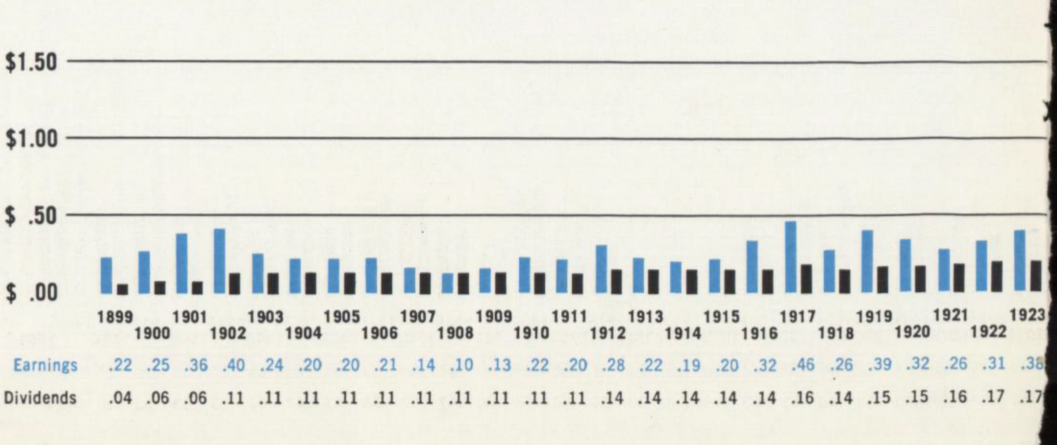
A significant achievement by General Electric people in 1961 is reflected in the charts at right: checking the sharp downward trend in earnings as the year began and achieving an upturn to more favorable results, despite lower price levels and higher average compensation per employee.

Showing a recovery in each quarter of 1961, earnings totaled $242.1 million, or $2.72 a share of common stock. This was an increase of 21% over 1960 earnings, but 14% below the 1959 record.

Earnings of 5.4 cents per dollar of sales in 1961 resulted from an improvement in each quarter—from 4.3 cents in the first quarter to 4.7 cents in the second, 5.4 cents in the third and 6.9 cents in the final quarter of the year.

The Company's return on investment was 13.7% in 1961, compared with 11.9% in 1960. This ratio measures net earnings before payment of interest on borrowed money in relation to capital invested, including borrowings, at the close of the year.

A continuing spirit of cost-consciousness was an important factor in the 1961 earnings improvement. This spirit was expressed in many specifics, building on ef-



forts initiated in earlier years. Managers at all levels established stringent objectives in cost reductions, which their organizations achieved in the face of mounting costs in average pay and benefits per employee.

In addition, employees participated in the introduction of new methods and more productive equipment. Through the Company's Value Analysis Program, operating components further intensified their analysis of products to find and eliminate unnecessary costs while reinforcing competitive performance.

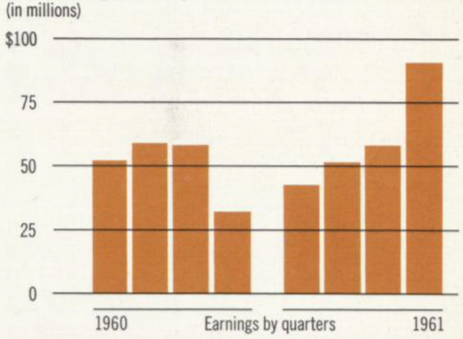
Two additional developments increased 1961 earnings in comparison with 1960: (1) payment during the first quarter by a foreign government of a reparations claim arising out of World War II; and (2) the effect of reduced funding requirements in 1961 for the General Electric Pension Trust, as described on page 33. These added about 20 cents a share to 1961 earnings.

Management's 1962 efforts will be directed toward continuing the favorable earnings performance. However, these efforts must overcome severe adverse pressures. Chief among these is the effect that foreign competition and under-utilization of domestic plant capacity have exerted on price levels. The Company's product price index in 1961 was 123, compared with 129 for 1960 (1947-49 = 100). In terms of total value, the values being offered in General Electric products are the finest ever available to customers.

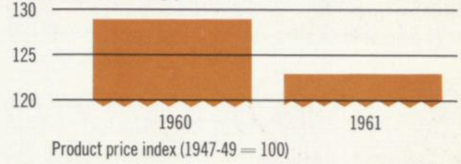
Dividends declared during the year totaled $176.4 million. As shown in the chart below, General Electric has paid dividends in every year—and in each quarter of these years—since July 1899. The Company declared and paid dividends of 50 cents a share in each quarter of 1961, for total dividends paid of $2.00 a share. This was 73% of net earnings for the year, compared with 88% for 1960 and with an average rate of 67% for the past 63 years.

Per-share data are based on the average number of issued shares for each year. These data have been adjusted for stock splits and are therefore stated in terms of present common stock. Dividends shown represent cash dividends declared. There have also been, from time to time, dividends distributed in the form of stock.

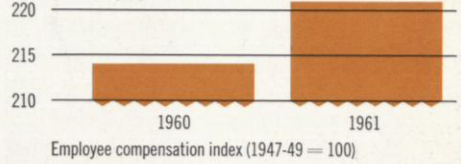
1961 earnings trend upwards...



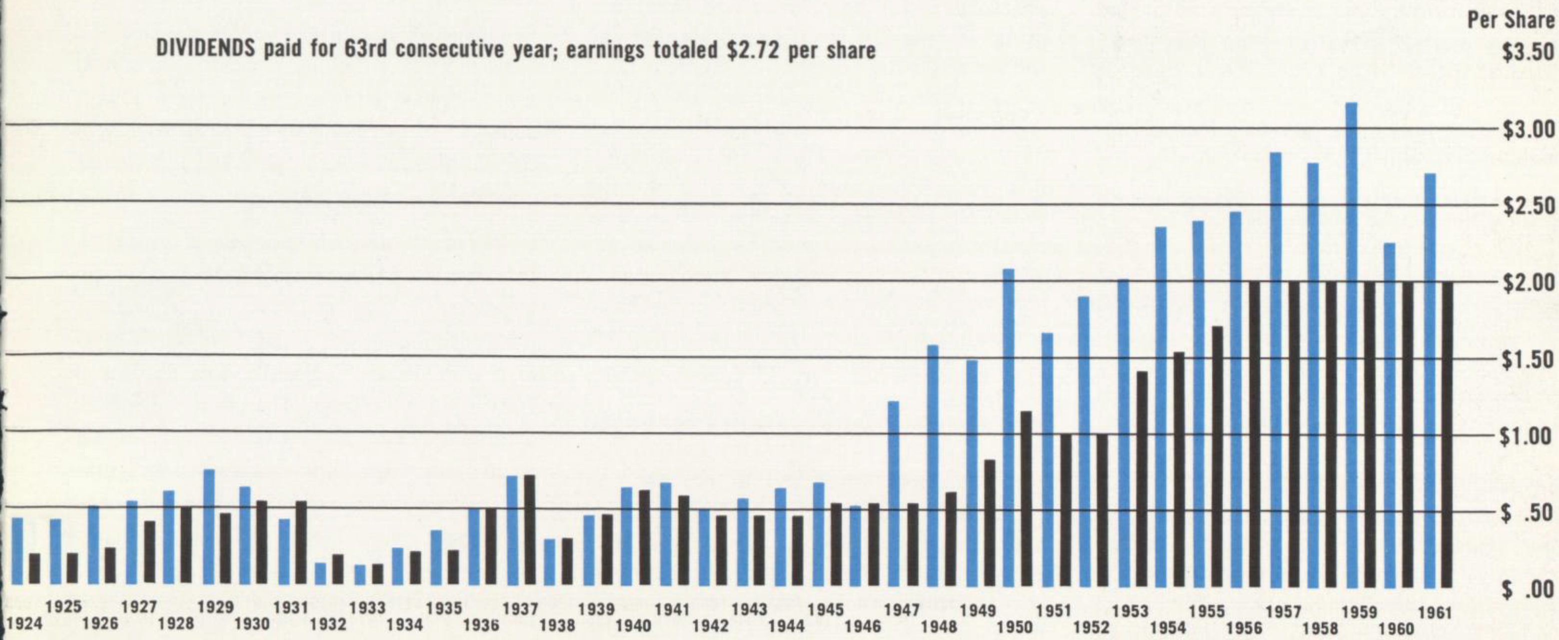
despite lower selling prices...



and higher employment costs



DIVIDENDS paid for 63rd consecutive year; earnings totaled $2.72 per share



	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942
Earnings	.44	.43	.51	.53	.60	.75	.63	.44	.14	.13	.24	.35	.50	.73	.30	.47	.65	.68	.50
Dividends	.17	.17	.23	.40	.50	.46	.53	.53	.18	.13	.20	.23	.50	.73	.30	.47	.62	.58	.47

	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961
Earnings	.56	.64	.67	.52	1.20	1.57	1.49	2.08	1.66	1.91	2.01	2.36	2.41	2.46	2.84	2.78	3.19	2.26	2.72
Dividends	.47	.47	.53	.53	.53	.60	.83	1.13	1.00	1.00	1.42	1.53	1.70	2.00	2.00	2.00	2.00	2.00	2.00

RECORD SALES from products for four main markets; defense and space activities increased

Net sales billed of $4,456,815,169 by General Electric in 1961 were the highest in the Company's history, rising 6% above the 1960 sales volume. The 1961 figure was 2% above the previous record set in 1959, even though the level of prices received for General Electric products in 1961 was well below the 1959 level.

The total 1961 sales resulted from four broad classifications of products made by General Electric. The approximate percentages of total sales realized by each of these product categories in 1961 are charted at right above and are compared with similar percentages for the past four years. Discussion of sales and developments in each of these four categories is presented on this page and continues through page 17. Canadian and export sales, consolidated in the Company's results and distributed within these four categories, are discussed on page 18.

The orders backlog is a useful indicator of future sales of larger and more complex products whose production covers a span of time before orders can be converted into sales billed. While the backlog for the 1961 year-end was 8% less than that at the end of 1960, primarily because unfilled orders for jet engines declined from their high level at the close of 1960, the backlog at the end of 1961 was still relatively high. The result was that General Electric entered 1962 with substantial commitments for equipment to be completed and billed during the year or in later periods.

Defense and space activities increased sharply at General Electric in 1961. Defense sales by defense product departments accounted for approximately 25% of the Company's sales for the year, compared with 22% for 1960.

Since the rates of earnings on defense sales are low in comparison with those in commercial activities, the higher proportion of defense work in 1961 was a factor tending to limit the year's improvement in the ratio of earnings to sales.

The Company's 1961 contributions to defense and mastery of space increased significantly in all major areas.

Jet engines — General Electric's twentieth year as a builder of aircraft jet engines was one of high production. The higher volume of sales in military jet engines during the year resulted mainly from several large orders received in 1960. Important factors have been increased Air Force and Navy requirements and the buildup of jet air strength by NATO countries.

The high level of jet engine business has been further augmented by General Electric's development of aircraft accessories. Also, the Company, supplementing its activity in large jet engines, has achieved a prominent position in the field of development and production of a variety of smaller engines with greater horsepower and thrust per pound of weight than have heretofore been achieved. In addition to the commercial applications discussed on page 14, these smaller engines are powering jet fighters, trainers, target drones, helicopters, water- and land-based search aircraft and experimental vertical take-off craft.

The increase in sales for 1961 was achieved despite the cancellation by the Government of the aircraft nuclear propulsion project in March 1961.

General Electric received additional sizable orders for both large and small aircraft engines late in 1961. A highlight of the year was the selection of General Electric as prime contractor for the Army VTOL (vertical take-off and landing) research aircraft project. These 1961 orders were not, however, of the magnitude of those for the preceding year. This, together with Government cutbacks in expenditures for an advanced jet bomber for which the Company is developing the power plants, indicates a somewhat lower level of sales of military engines in the period ahead.

Defense electronics activities continued to increase in 1961. The level of orders also advanced. Much of this increase can be traced to the Company's demonstrated capability for handling complex systems involving the coordination of a wide diversity of technologies. Examples include:

► Missile guidance. The Company is supplying the present inertial guidance system for the Polaris missile, based on a de-

(continued on page 6)

1961 defense and space activities at General Electric are pictured on the opposite page:

1—X-15 aircraft is shown at the moment it dropped away from B-52 mother ship to begin record 4,090-mph flight in November 1961. The X-15's electrical and hydraulic power needs are supplied by the Company's accessory power units.

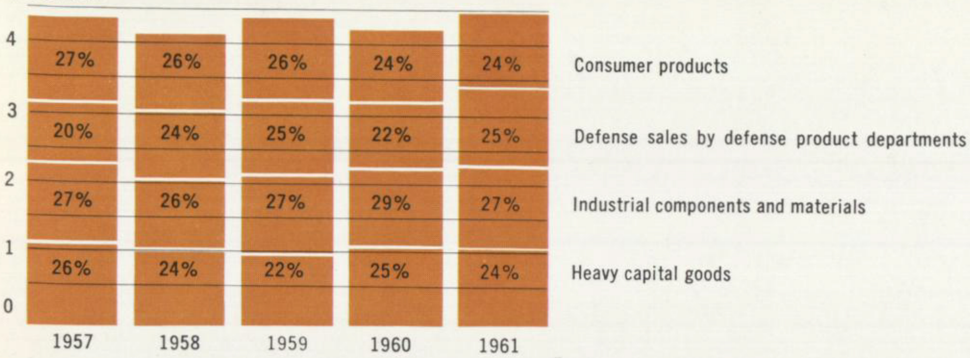
2—Shaping missiles, specialists at the Evendale, Ohio, facilities use an electric furnace developed by the Industrial Heating Department in heat-treating cases for the Minuteman missile.

3—Mercury spacecraft atop a Mercury-Atlas is readied for flight utilizing General Electric's radio-command guidance system. System helped send chimpanzee into orbit in 1961 as a step toward guiding NASA's first manned Mercury spacecraft into orbit. A major role in the manned lunar Apollo project also will be played by General Electric. Early in 1962 the Company's Defense Systems Department was awarded a two-phase study and implementation contract by NASA for integration analysis of the total Apollo vehicle, including matching the rocket booster with the spacecraft, assuring over-all reliability and developing a checkout system for the vehicle.

4—Production of jet engines at General Electric's Evendale, Ohio, facilities includes both military and commercial power plants. Currently, aircraft powered by the J79 military jet engine hold 18 of the 25 comparable world speed and altitude records held by U. S. aircraft.

5—New missile detector—the nation's second Ballistic Missile Early Warning System (BMEWS) capable of warning against missiles aimed over the north polar regions was installed and tested ahead of the accelerated completion date by General Electric in 1961 at Clear, Alaska. Other large radar units built by the Company were installed to help guard against high-altitude supersonic aircraft as part of Nike-Hercules defense systems guarding the nation's industrial and population centers.

General Electric Sales 1957-1961
$ in billions



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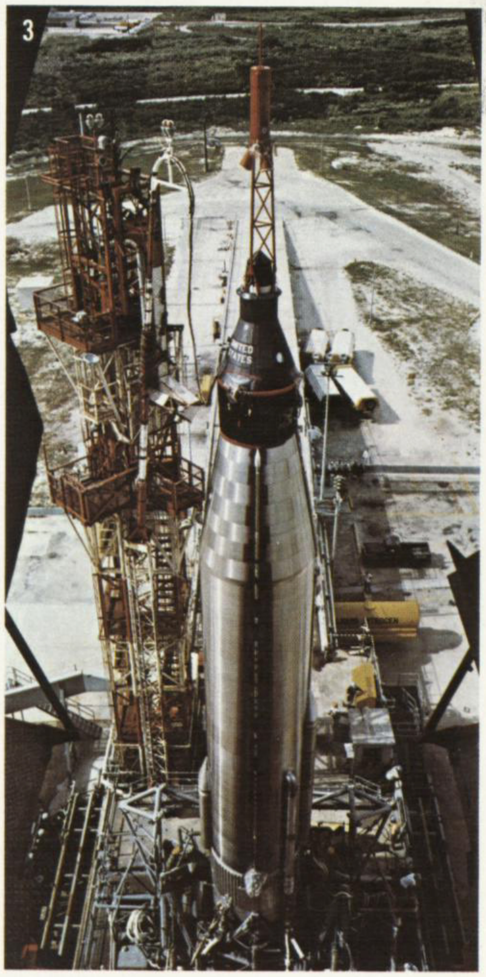

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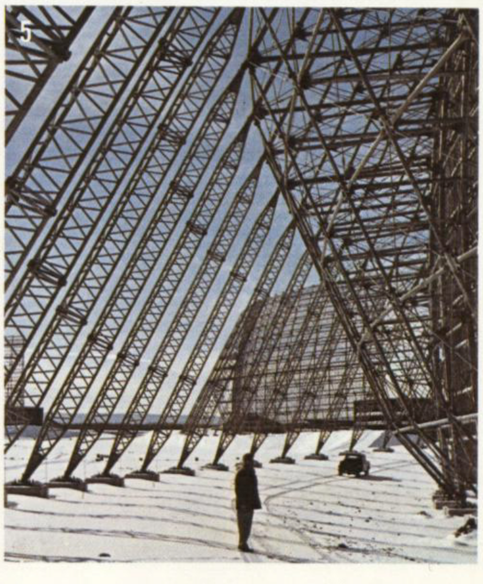


sign by the Massachusetts Institute of Technology, and is involved in prototype manufacture of the Mark II guidance system for more advanced, longer range Polaris missiles. General Electric's Atlas radio-command guidance system was used in 1961 to guide the Mercury spacecraft carrying the chimpanzee Enos into a predetermined orbit in preparation for manned orbital flight. This system also is being applied to the guidance of Atlas boosters for the Advent communication satellite launching and the Ranger Moon Probe vehicles.

► Missile firing. The fire control system developed by General Electric and used in repeatedly successful underwater submarine firings of Polaris missiles, is being supplanted by a more advanced system which is now under development by the Company.

► Missile tracking. The Company is developing range instrumentation equipment for both the Atlantic and the Pacific Missile Test Ranges.

► Military computers. General Electric is a leading designer and manufacturer of electronic computers needed in military activities. These include small computers for use in aircraft and in the Polaris and Skybolt missiles.

► Undersea defense. General Electric is producing varied types of sonar equipment for detecting submarines and locating mines. The Company is also developing more complex systems for detecting and destroying enemy submarines; undersea surveillance systems for keeping track of all underwater targets; and underwater communications equipment for transmitting information between submerged submarines.

► Coordinating defense weapons. General Electric is implementing a contract to develop its 412L Air Weapons Control System to provide a system which can detect air-breathing targets, determine if they are hostile, select the counteraction and control the weapon dispatched against the target. An additional project was a feasibility study for a Field Army Ballistic Missile Defense System (FABMDS).

Atomic defense projects to which General Electric is contributing include development of the nuclear propulsion plant for the U.S.S. Bainbridge, the Navy's first atomic destroyer, launched in 1961. The ship's twin reactor system is being developed at the Knolls Atomic Power Laboratory, Schenectady, N. Y., which the Company operates for the Naval Reactors branch of the Atomic Energy Commission. The Laboratory is also developing advanced nuclear reactors for submarine application.

In other atomic defense projects, General Electric manages the plutonium-producing Hanford Atomic Products Operation for the AEC, and the Company was selected in 1961 to develop a system for detection of nuclear explosions (NUDETS).

Long-term development projects being conducted by General Electric for the defense and space effort include:

► Auxiliary power source to be used to correct the position of a vehicle in space. In 1961 the Company's REPPAC III, a pulsed plasma engine, ran continuously for 2½ days, producing enough thrust to fill the needs of a continuous space mission for at least a year.

► Small atomic-electric power plant for use in outer space. Development of a compact, lightweight nuclear power plant utilizing thermionic devices to convert nuclear heat directly into electric power is being conducted by the Company's Atomic Products Division.

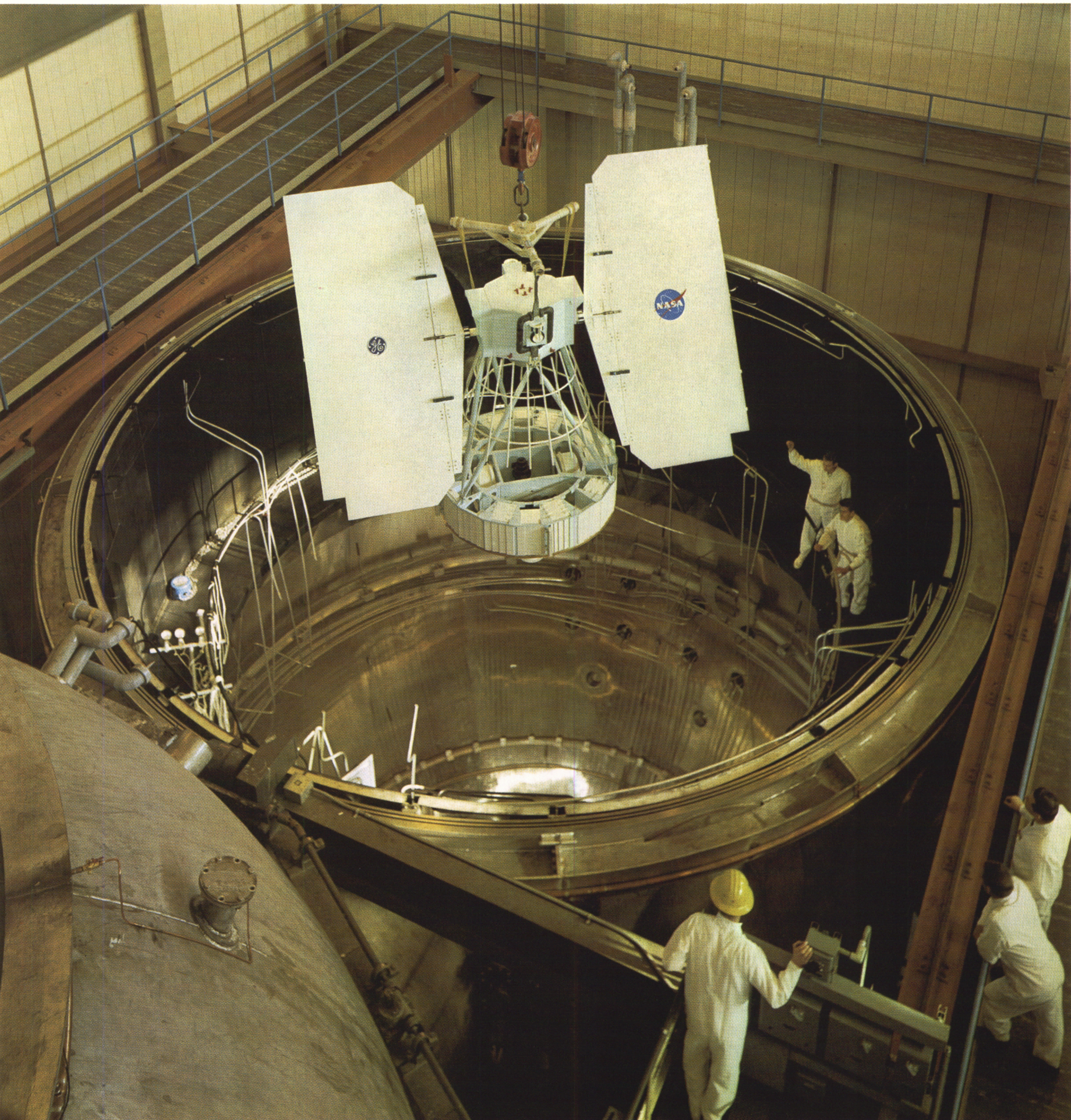
► Cryogenic components for space vehicles. Through the use of cryogenics (the science of ultra cold), the Company's Ordnance Department is developing a gyroscope and accelerometer promising more accurate guidance of space vehicles.

► Life support equipment for use in space travel, including food preservation systems, water and oxygen recovery and space suit designs.

Facilities: In addition to the new Space Technology Center shown at right, General Electric in 1961 expanded its facilities for defense work, including completion of a new 465,000-square-foot engineering and manufacturing plant leased by Heavy Military Electronics Department located in Syracuse, N.Y.

A new home for space activities at General Electric is provided by the Space Technology Center (right, above) near Valley Forge, Pa. The largest center owned and operated by private industry for space research and development, it is also the largest new General Electric facility since the Company built Appliance Park beginning in 1951. A $32 million project, it is providing the Missile and Space Vehicle Department with 800,000 square feet of floor space. Its completion, two years earlier than the original target date, points up the Company's awareness of the need for bold action in the space technology area.

Right—Space environment simulator shown, one of four large simulators for space research at the new center, permits testing of full-size nose cones and space vehicles under simulated space conditions. Being lowered into the simulator: a prototype of NASA's Nimbus Weather Satellite, scheduled to be launched into orbit in 1962, which will photograph the entire globe during each 24-hour period and relay pictures of weather phenomena to aid in weather forecasting. Other satellite developments in which General Electric is engaged include NASA's Orbiting Astronomical Observatory which will give astronomers their first view of the stars unobscured by the earth's atmosphere, and the Army's Advent communications satellite for a world-wide communication system. The Company's nose cone developments for the Air Force include the Mark 6 nose cone for the Titan II missile and nose cones for the Skybolt air-launched missiles.


NASA

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CONSUMER PRODUCTS SALES made a steady recovery in 1961

New all-electric kitchen displayed by General Electric (top, left) provides a dramatic showcase for new developments in the Company's home products. Kitchen shown in panoramic photograph includes many of the electrical servants the Company brings to the aid of homemakers: built-in ovens and surface cooking units, extra-capacity new dishwasher and Disposall® food waste unit, Filter-Flo® washer with new wash basin feature and matching dryer. Lighting is designed to give effective light on all work centers. Work surfaces and table are of General Electric Textolite® plastic surfacing.

1—New housewares include: clocks to match kitchen decor; newly designed coffee maker; more useful "Toast-R-Oven"; blender with motor behind unit, making easy storage possible; electric can opener; an electric sharpener for knives, pencils and scissors; and a new line of products for easier floor and rug care.

2—New lamp ideas include square panel fluorescent lamp, a significant innovation now being readied for the market. It produces more light in a small space, permits greater flexibility in ceiling fixtures. Among other new developments are Satin-Glo® Christmas lamps and improvements in floodlights, movie projection lamps and high-power incandescent lamps.

3—Larger capacity dishwashers marketed by the Company in 1961 included new under-counter drop-door dishwasher with 16-place-setting capacity, largest offered to consumers today. In background: complete home laundry center includes 12-pound-capacity washer whose stainless-steel wash basin, with hot and cold water faucets, can make an entry-way, recreation area or utility room more useful.

4—New FM stereo receiver was major break-through announced by Company in 1961. System receives FM stereo broadcast on single radio with two removable-door speakers. Company also manufactures adapters for installation in existing General Electric stereo-phono combinations. On-the-wall radio-phonograph can also receive stereo.

Sales of General Electric consumer products showed quarter-by-quarter gains from the beginning of 1961. Total Company business in 1961 accounted for by consumer products was approximately 24%.

This improved performance was more than merely a response to the improving market situation of the year. In 1961 a number of areas in which the Company had been making intensive developmental efforts yielded positive results. The Company's emphasis on ever-improving product quality gained increasing recognition from customers. Similarly, the long-continuing efforts to improve after-sale product service met with increasingly satisfactory customer reactions. Efforts to promote Medallion Homes and to offer home builders proposals covering General Electric's home products have made significant progress (see back cover). Along the full range of the consumer products business, General Electric people were applying inventive ideas to supply attractive values to customers. The following summary shows that every major segment of these operations shared in the year's increased business.

Major appliance sales in 1961 for General Electric, including the Hotpoint line, improved over those in 1960. Product innovations pictured on these pages contributed to the increased sales.

General Electric is emphasizing product quality and after-sale service. The higher reliability being built into General Electric appliances is indicated by the fact that in 1961 alone the rate of in-warranty service calls for major appliances fell by 10%. Hotpoint made similar progress.

The Company has placed after-sale product service on a sound businesslike basis as the best guarantee of customer satisfaction. The Company's approach to after-sale service has grown out of knowledge gained through extensive surveys among consumers. In 69 major marketing areas the Company has set up its own service centers with the facilities and trained manpower to provide the kind of service that is a pleasant experience to the customer and is a useful and rewarding business in itself and as a source of future sales. The Company has invested heavily in radio-dispatched service trucks to facilitate promptness in responding to service calls, and has conducted studies to determine how best to stock these trucks so that each has the replacement parts to handle most service problems on the first trip.

New and higher objectives have been set in product service. For example, the urgency of customers' needs determines the priority of service calls. The goal is to complete the more urgent service calls the same day, less urgent calls the following day. Service operations are usually able to promise the service man's time of arrival to within four hours—and keep the promise. Recent customer surveys show that these objectives are being met in a high percentage of cases and that the general level of customer satisfaction is high and is increasing. These high standards of performance guide and assist servicing dealers and other agents who also service General Electric appliances.

Sales of electrical housewares again demonstrated the importance of product innovations. Sales from new products were a major factor enabling this business to increase over 1960. In addition to the new products pictured, an automatic toothbrush utilizing a rechargeable battery is meeting with excellent acceptance.

Improved product service was also stressed in this business. The number of service centers for housewares was increased to 28 in 1961, with plans for adding 16 more in 1962. A dramatic example of the increase in these service facilities was the center opened in Grand Central Terminal in New York. Commuters can drop off an appliance for repair in the morning and in many cases have it ready to take home the same day.

Consumer electronics had a year of substantial progress in 1961 as a result of engineering and research, design innovation, product specialization and dedication to quality. General Electric not only continued to develop the conventional concepts of today's radio, television and audio products, but also emphasized the development of

(continued on next page)

completely new electronic products for home entertainment, communication, education, convenience and security.

In 1961 the Company marketed a line of Educational Project Kits, ranging from a basic transistor laboratory to an analog computer, designed to teach young people basic electronics. A new kit enabling youngsters to build a short-wave radio has also been developed for the line.

New TV products introduced included a line of educational sets, including a TV-audio center specifically designed for classroom use, and specialized receivers for hotel-motel installation.

The Company has developed a built-in sound system-intercom for the home builders' market. Fully transistorized, it provides voice communication and radio in as many as ten locations. Also, the system offers the security of a front door speaker and the peace of mind of having children and invalids always within hearing.

The General Electric-proposed system for FM stereo broadcasting was adopted by the Federal Communications Commission. This major engineering accomplishment opened up entirely new business opportunities. The Company-owned station, WGFM, in Schenectady, N. Y., was the first station to broadcast FM stereo programs. Stations across the country are now offering this new entertainment and others are equipping themselves to do so.

The lamp business achieved a new sales record in 1961. Of the factors contributing to this record, many traced back to the research and development activities by the Lamp Division. In addition, growing recognition of the beneficial aspects of lighting on productivity, safety and employee morale have led to steady increases in lighting levels of commerce and industry. One indicator of the acceptance of these higher lighting levels is the growing popularity of General Electric's exclusive Power Groove® lamp, the world's most powerful fluorescent. There are now enough Power Groove lamps in use to meet all of the lighting needs of a city of over a million people.

The outdoor lighting business, an outgrowth of General Electric's work on consumer lighting, had an excellent growth year. The Company is developing the products to serve important new trends such as the increasing demand for lighting of residential streets and for area lighting. Seven new mercury, incandescent and fluorescent lighting units have been introduced for area lighting, as well as for streetlighting as shown at right.

The growth prospects for this business are indicated by the fact that there are 300,000 miles of residential streets in the U.S., and 10,000 additional miles are being added every year, yet less than 5% are lighted at adequate levels.

A trend receiving close study by management is the tendency of consumers to spend a lower percentage of their disposable personal income on consumer durables and more in the broad area of "services"—including travel, recreation and education. General Electric's efforts in relation to this trend are two-fold: to improve product values so that customers will wish to increase their proportionate expenditures; and to develop new business aligned with individuals' interests in the service area.

The new trends in consumer electronics discussed earlier form one example of this new business. Another example: the development of compact kitchens for mobile homes. Such efforts, combined with the Company's projects for increasing its contributions to transportation, banking and other service industries, are enabling General Electric to adjust to new needs and interests of the public.

A favorable long-term outlook for the Company's consumer products business is based on the opportunities arising from the projected increase in new household formations as the large postwar generation begins to reach maturity. While families in established households may defer purchases of replacement appliances, the younger generation has shown no inclination to delay purchases of those products needed to set up housekeeping. For this promising market, General Electric is developing highly functional types of products that new homemakers are inclined to seek.

Areas of emphasis for the consumer goods departments of General Electric in 1961 are illustrated on the opposite page.

1—Emphasis on serving new needs of all-electric communities. For new residential developments such as that pictured, General Electric is supplying new residential mercury streetlighting luminaires with built-in ballasts and photo-electric controls that automatically turn lights on and off.

2—Emphasis on customer planning. Hotpoint Kitchen Planning Center, opened in Chicago in 1961, broadens service to customers. This Center, and the one in New York City, display the full Hotpoint line and offer the help of specialists in preparing kitchen layouts, color schemes and blueprints.

3—Emphasis on high quality in appliances is exemplified by Quality Control Audit Laboratory at the end of clotheswasher production line at Appliance Park, Louisville, Ky. Employees here check for weaknesses in new product designs, take pride in helping to correct these before products are marketed, and maintain a regular check to see that high quality standards are met in production. Shown under test: new utility-top washer.

4—Emphasis on new applications of existing products is dramatized by use of quartz infrared heat lamps in unique oven in Michigan which thaws whole freight cars of iron ore. This application facilitates shiploading operations and extends the Great Lakes shipping season.

5—Emphasis on building new business. New space-age refractory metals facility, opened during 1961 in Cleveland, represents a broadening of Lamp Division's role as a supplier of such materials as tungsten and molybdenum, important to defense and space activities. Know-how for new plant grew out of the Division's work in developing metals for lamps.

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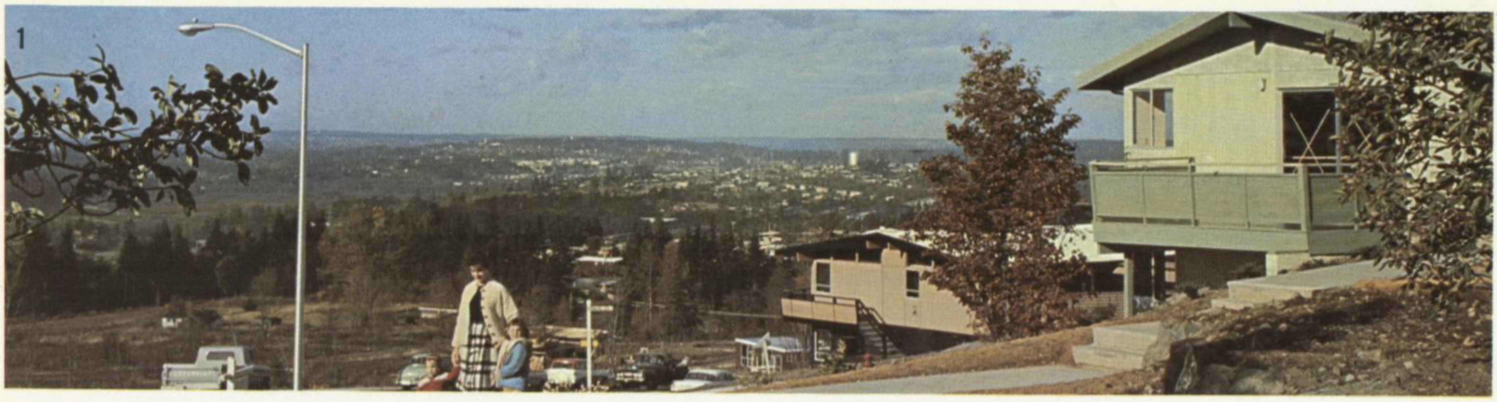

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HEAVY CAPITAL GOODS—a year of improved sales and promising product innovations

General Electric's sales of heavy capital goods amounted to 24% of total Company sales in 1961. These products are primarily large apparatus for utility customers and heavy goods for industry, including transportation equipment such as locomotives and commercial jet engines. Sales in this area of the Company's business showed marked improvement in the final quarter, which brought heavy capital goods sales for the full year slightly above those for 1960. Sales of these products abroad showed substantial increases.

Business with domestic utility customers continues to be hampered by three related factors: the relatively large margin that many utilities have built up between the peak demands of their customers and the capability of their generating equipment; the excess production capacity of electrical manufacturers; and the resulting low prices for electrical apparatus, which have also been influenced by constant pressure from foreign producers enjoying low labor costs.

General Electric is seeking to overcome the effect of these adverse pressures by increasing the values it offers customers and by reducing costs. A 1961 indication of the Company's ability to tighten its costs was the successful competition for heavy goods business in international markets.

This area of business continues, long term, to have a strong growth potential. Creative effort can keep it progressing at the growth rates that have, on the average, brought a doubling in the generation of electric power in every decade since the turn of the century. The Company continues to press forward major research and development projects important to the realization of more efficient power generation, transmission and distribution. These projects include long-term research in "unconventional" generation methods discussed on page 20.

More efficient generating equipment under development includes very large steam turbine-generators. The Company is at work on a 900,000-kilowatt unit and has the capability for building still larger equipment. As another new direction, a combined gas turbine-steam turbine cycle is expected to set new standards in efficient use of fuel in power generation. Such a plant, now being built, will realize a 4% improvement in efficiency over a conventional steam plant.

Higher-voltage transmission. As utilities' systems become more widely integrated and pooled, their needs for higher-voltage transmission will increase. This trend was underlined in 1961 by the announced plans of investor-owned utilities to spend a total of $8 billion during the next ten years to carry forward the interconnection of local and regional power systems across the nation. General Electric is a leading contributor to the evolution of extra-high-voltage transmission. Working with a number of utilities and other companies, the Company has constructed the world's largest experimental EHV system (see front cover). General Electric has also made major contributions to the development of more efficient circuit breakers needed to handle huge new blocks of power. The Company developed the world's fastest air-blast circuit breakers compatible with American power systems and in 1961 announced the successful development of still more advanced equipment—the vacuum circuit-interrupter.

New efficiencies in distribution. In addition to the pad-mounted transformer pictured at right, new distribution equipment from General Electric includes: the Permalex® 65 distribution transformer which is lighter, smaller and lower in cost than comparable ratings available earlier; and the revolutionary encapsulated transformer, now being field tested, which may offer important advantages to utilities in meeting the high-load demands of the years ahead.

Atomic energy leadership. In 1961 General Electric received an order for a boiling-water reactor to supply 325,000 kilowatts to the Bodega Bay area (near San Francisco). The Pacific Gas and Electric Company expects this plant to operate at costs that will be fully competitive with those of conventionally fueled plants in the area. General Electric announced its readiness to

(continued on page 14)

From the generating plant to the home, General Electric introduced developments in 1961 that advance electrical service. Pictured at right:

1—Computers for control of power generation are shown in this Southern California plant. General Electric 312 computer systems have been installed for supervision of two steam-turbine generators. This process requires the computer to handle an input of data comparable to the requirements of a missile launching. These advanced systems, first of six ordered by this utility, promise increased safety, reliability and reduction in operating and maintenance costs.

2—Pad-mounted transformer, encircled in white, blends into landscaping in new housing development. It is the heart of the trend toward underground distribution of residential power, with important advantages for builders and home owners. Where it is feasible, it eliminates pole-installed equipment, improves appearance of communities and increases dependability of electric power service. Shown: installation in housing development near Seattle, Wash.

3—Power for ship propulsion is supplied by General Electric turbines driving giant gears such as that shown during machining operation. Production of propulsion units for the U. S. Navy and the merchant marines of the free world helped give Lynn, Mass., facilities a busy year in 1961.

4—Major advance in high-voltage switchgear technology is the recloser using a newly developed vacuum circuit-interrupter, shown in the Switchgear Development Laboratory in Philadelphia. By smothering electric arcs in a high vacuum, the new distribution unit gives better protection to power systems by operating more swiftly, more efficiently and with lower maintenance costs than units now in use. First commercial units will be available in 1962.

5—For homes, protection against lightning entering through power service entrance equipment is provided by new low-priced Lifetime Home Lightning Protector from General Electric.

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GENERAL ELECTRIC
COMPUTER CONTROL SYSTEM

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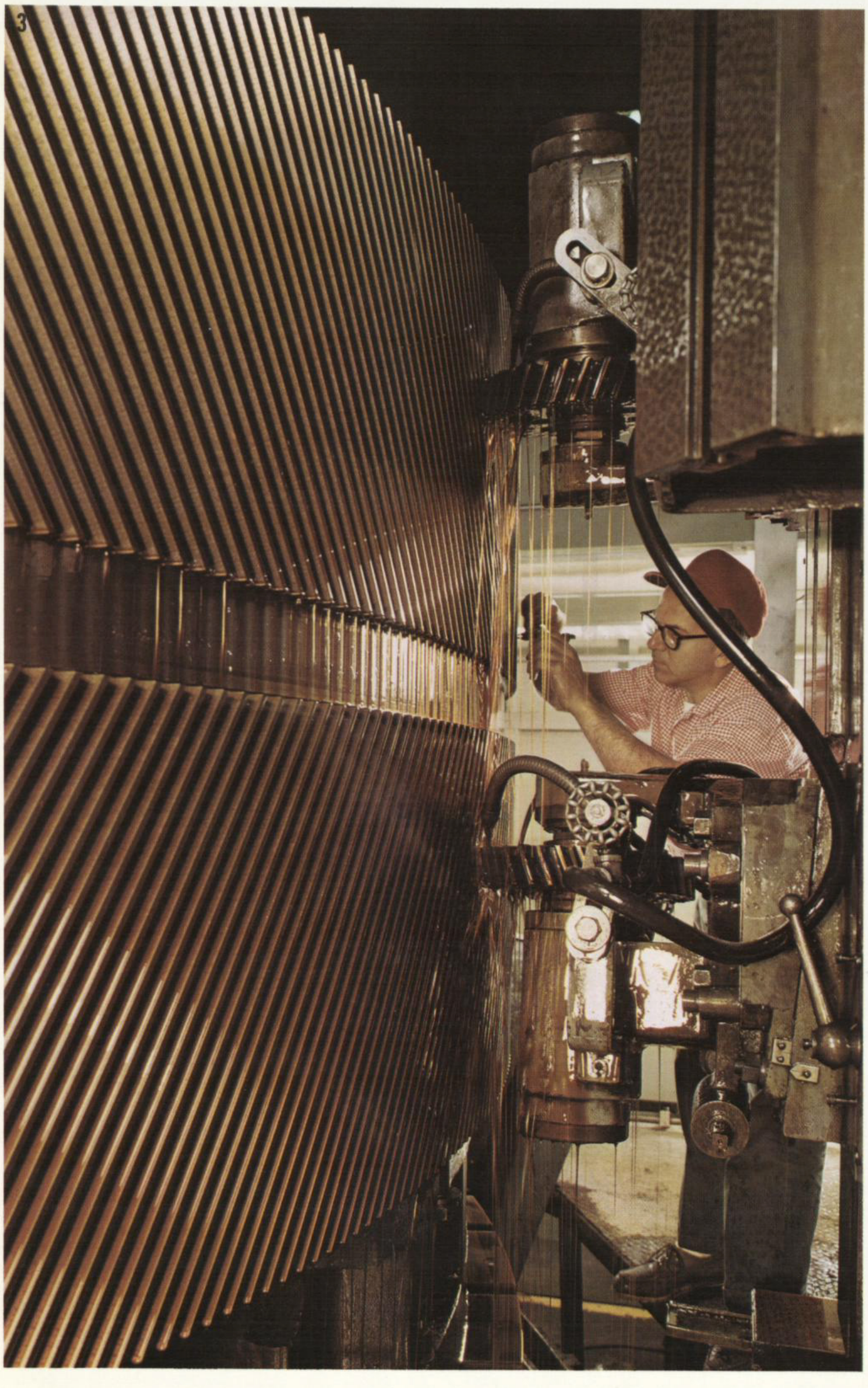

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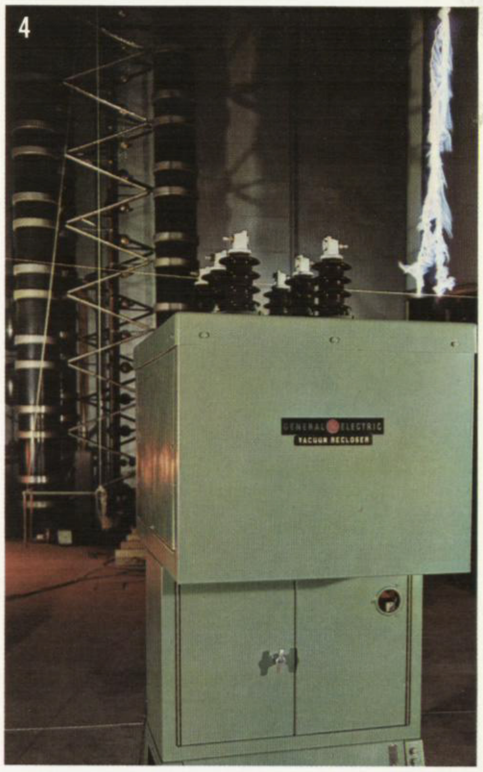

GENERAL ELECTRIC
VACUUM RECLOSER

5

supply a line of boiling-water reactors in the 100,000- to 500,000-kilowatt range. In 1961, the large atomic plant at Dresden Station (near Chicago) was operating, and the Kahl, West Germany, plant produced Europe's first privately financed nuclear power. 1961 also saw construction well advanced on atomic plants at Big Rock Point, Mich., at Humboldt Bay, Calif., and on the SENN atomic power plant in Italy. Construction was started on a demonstration plant for the Japan Atomic Energy Research Institute. At the Company's Vallecitos Atomic Laboratory, construction is under way on a developmental superheat reactor for Empire State Atomic Development Associates, Inc. The nuclear system for each of these installations is being supplied by General Electric.

The national importance of such progress was pointed up in 1961 when the Russian Government, in publishing its plans and goals for the next 20 years, emphasized electric power as a key factor in its efforts to outgrow the U. S. economy.

Innovations in power for industry are becoming increasingly vital as industry moves to employ complex new technologies that improve competitive cost and quality. The trend is toward higher-capacity systems using higher voltages for ease and economy of distribution to production areas.

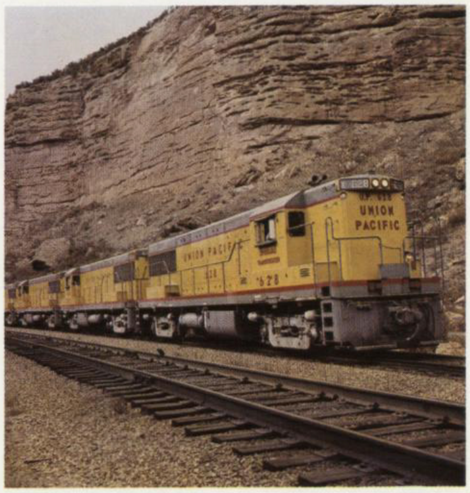
Representative of the advances being made by General Electric in heavy equipment for industrial customers was the 1961 development of acyclic generators and of more efficient cargo-handling equipment for merchant ships.

Acyclic, or non-cyclic, generation is an economical means of producing extremely high current at low voltages, a characteristic needed in such industries as aluminum reduction and chlorine processing. The principle, long-established, has eluded practical application until development of the Company's new design using a liquid-metal collector system.

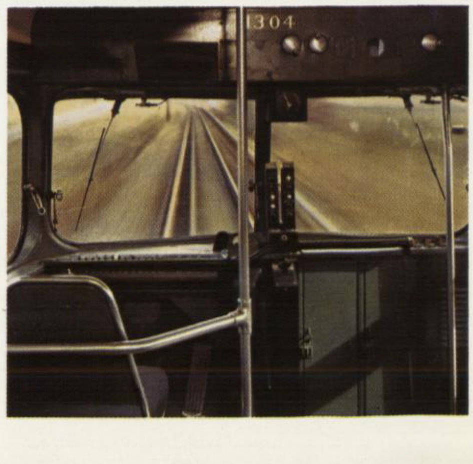
Quick acceptance was given by the shipping industry to the Company's new Maxspeed cargo-winch drive equipment. Orders received in 1961 call for application to 22 cargo ships of five domestic lines.

Pictured at right — Transportation powered by products of General Electric.

Top—General Electric gas turbine engines power new Boeing/Vertol 107 helicopter, shown hovering over the Statue of Liberty in New York Harbor. Turbocopters utilizing the Company's light-weight T58 engines are scheduled to begin regular service to New York and Chicago airports in 1962, adding to similar service already provided in Los Angeles and San Francisco. A new potential for the Company's small engines was opened up in 1961 with the announcement that commercial versions of the J85 jet engine will power a number of business aircraft, including the Aero Commander 1121, Swiss American SAAC-23 and the Piaggio/Douglas 808. In the large commercial jet engine field, Convair 880 passenger air liners powered by General Electric engines entered international service in 1961 and the Convair 990 is entering service in early 1962.



Center—High-speed freight and passenger hauling received a new prime mover in 1961 when General Electric's U25B mainline diesel-electric locomotive entered service. It has a higher horsepower rating per axle and permits greater operating economies than any comparable-size locomotive now in use.



Bottom—Automated rapid transit system, developed by General Electric to speed metropolitan rail traffic, was demonstrated to transportation and community officials during 1961. Electronic controls start and stop the train, open doors to receive and discharge passengers and give smooth acceleration between stations. This automated system combines greater speed, safety and passenger comfort with most efficient use of rail facilities.

INDUSTRIAL EQUIPMENT SALES

equaled record 1960 level

Sales of components, materials and light capital equipment by General Electric comprised 27% of total 1961 business. Sales of these products to customers in manufacturing, commerce, banking and the service industries were accelerating at the year's end. The recovery in business spending, which occurred late in the year, brought sales for the whole of 1961 up to the record level of 1960.

Two factors tended to limit 1961 sales: the depressed situation in electronic components discussed on the next page; and the increasing trend toward leasing of equipment such as electronic computers rather than outright sale. From 1961 deliveries of leased equipment the only income reported came from that year's rentals. However, 1961 deliveries should be a "built-in" source of income in the future.

Prospects for continued strengthening in the industrial area are encouraging because of the favorable trend in plant and equipment expenditures by industry, and the improvement in appliance businesses that use the Company's components.

New components, pictured above at right, help to generate business growth through meeting newly developing market needs. Thus growth in both indoor and outdoor use of fluorescents is aided by improved ballasts. Better office copying machines use the Company's new power pack. A better reversing motor aids farm mechanization. For the growth of the soft ice cream market, General Electric is supplying a new motor. To help end-product manufacturers build better products, the Company has developed a more reliable transformer for TV sets and improved controls, timers and motors for appliances. Large components in background include new transformer for all-electric apartments.

Metals and materials, below at right, supplied by General Electric include a number of areas of business growth:

► The Company's business in man-made industrial diamonds was further extended in 1961 and a considerable increase of sales in foreign markets was realized.

► The Company is now producing carbide

(continued on next page)

tips for a good portion of the world's production of ballpoint pens.

- ► The new Carb-o-lock tool holders give the metalworking industries the lowest cost per cutting edge yet offered.
- ► Pyrolytic graphite materials supplied by the Company are the strongest known structural substances in the temperature range of 5,000 to 6,000° F, with high potential in defense and industry.
- ► Vulkene,® a new general purpose cable insulation, has been developed for a whole new family of wires and cables.
- ► New "Lodex" permanent magnet materials can be formed into finished shape without machining and are expected to be the most important such materials of the future.

The Company's business in chemical products continued to grow in 1961. As an example, room-temperature vulcanizing silicone rubber materials met with further acceptance in industry. Also, many new applications were developed for the Company's Lexan® polycarbonate resins.

Electronic components business at General Electric experienced a critical year along with the rest of this industry. A slowing in demand for semiconductor devices late in 1960 pointed up excesses in production and capacity and launched an intense competitive scramble for sales. A reduction in expected military requirements for silicon transistors worsened the situation and an abnormally steep price decline occurred in 1961. As an example, for every dollar of goods sold in 1961 the Semiconductor Products Department had to ship a 70% greater volume of products than in 1960.

General Electric's approach was to cut costs in order to stay competitive but at the same time to avoid jeopardizing two long-term objectives: to maintain the Company's reputation for high quality and reliability in these products; and to retain as much momentum as possible in research and development. Projects receiving special emphasis included:

- ► Development of traveling wave tubes which can detect extremely weak radio signals and thus extend the range of radar.
- ► Initiation of production of super power klystron tubes to be used in an intercontinental radar system.
- ► Developmental work, under an Air Force contract, on TIMM circuits (thermionic integrated micromodules)—the Company's most advanced approach to microminiature circuits.
- ► Further expansion of the market for the silicon controlled rectifier, a General Electric development which has matured into a basic component in military and industrial equipment.
- ► Development of ultra-high-speed electronic switching devices known as P.E.P. (for planar, epitaxial, passivated) diodes and transistors.

The Electronic Components Division is realigning and consolidating its product lines to capitalize on products which, through research and development, have competitive advantages. The aim is to establish a strong competitive position despite the unfavorable business situation.

Integrated industrial systems. This term represents an increasingly important concept to business: the integration of long-established types of products developed for the electrification of industry with new areas of industrial electronics development such as computers and automation equipment. The resulting systems include devices that can "sense" what is happening in industrial processes, can feed back this information to regulatory devices, can accumulate and store the data electronically in order to keep the individuals in control quickly and completely informed, can actuate their decisions through process computers which control and regulate the productive machinery, and can extend management control through electronic data processing computers and effective communications equipment. General Electric supplies products for each step of this process and has the overall capability to integrate the parts into an effective whole. A symbol of the Company's progress in mastering the complexities of such systems was the 1961 publication of prices not merely for components but for entire systems in the paper, metal rolling, printing, rubber, mining and cement industries.

Pictured at right—Outstanding electronic developments at General Electric in 1961.

1—New flame cutting machine for which General Electric is supplying the automatic controls. Guided by instructions on punched tape fed into a General Electric Mark Century numerical contouring control, the machine can cut lines or contours in 40-foot lengths of sheet steel up to 6 inches in thickness.

2—Computer-run railroad potential is demonstrated to visiting security analysts by a model system operated by a General Electric computer at the Salem, Va., facilities. Computer can automatically control the train, identify the cars to be switched into sidings, and couple and uncouple specific cars.

3—Electronic aid to traffic control: closed-circuit television monitors areas of Detroit freeway. General Electric cameras, mounted over roadway, relay pictures enabling operator to direct traffic around trouble spots. Company-developed system also permits driver behavior studies for application to future highway construction.

4 and 5—Developments in electronic components in 1961 included advanced work both in tubes and in semiconductor materials. Ultra-reliable "lighthouse" tubes (4), for Project Advent communications satellites, are designed to operate continuously for three years. Automatic production of semiconductor materials utilizes diffusion furnaces (5) capable of processing over half a million diode parts in a single shift.

6—Computer help in hurricane research is being supplied by General Electric with the installation of a GE225 computer by the National Hurricane Research Project in Miami, Fla. Instrument-loaded aircraft fly into the hurricane and record vast amounts of data on magnetic tapes. Processed by the computer, these records aid researchers in developing a mathematical model of a hurricane as a step toward more accurate determination of the paths of hurricanes and toward earlier, more accurate forecasts.

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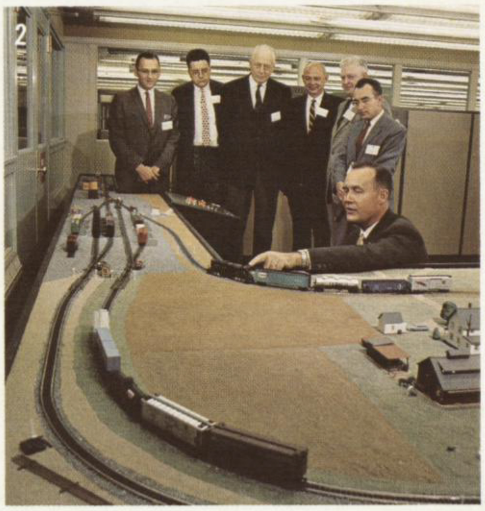
GENERAL ELECTRIC
NUMERICAL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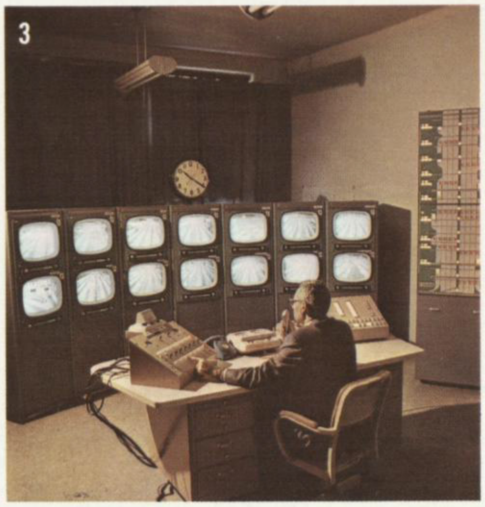
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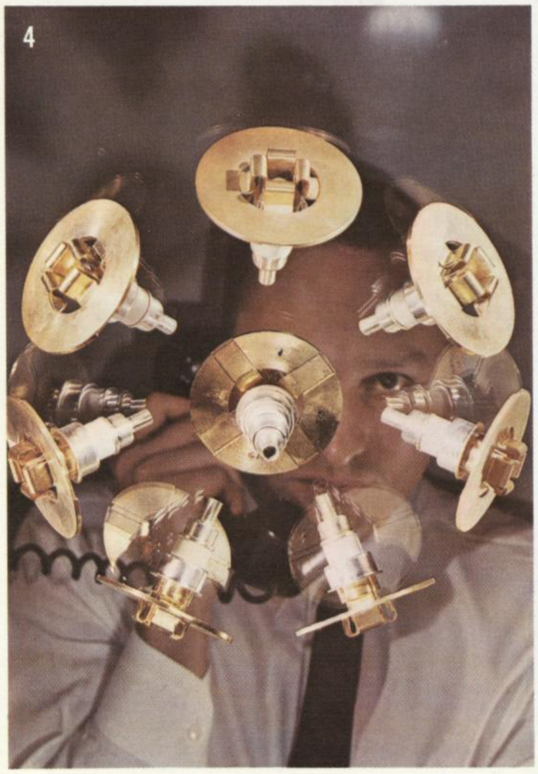
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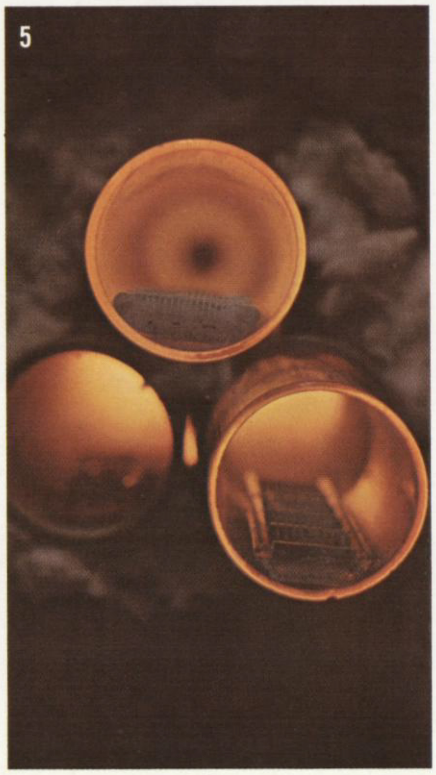
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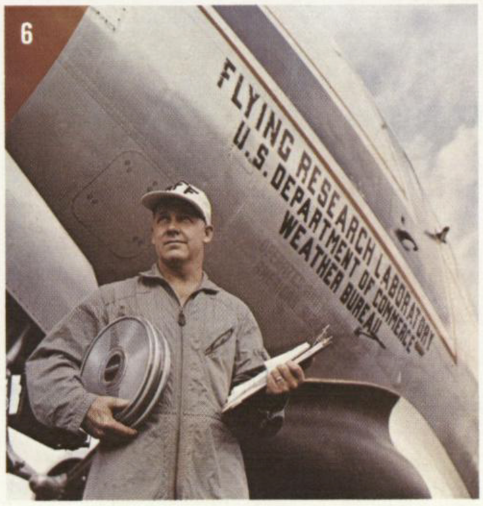
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FLYING RESEARCH LABORATORY
U.S. DEPARTMENT OF COMMERCE
WEATHER BUREAU

INTERNATIONAL BUSINESS set records in 1961, continues to expand

General Electric's international business rose to a record sales volume and a record level of orders in 1961. This business consists of two main elements consolidated in total Company results: export business, and the operations of Canadian General Electric Company, Limited. The Company also has nonconsolidated subsidiaries in 21 countries outside the United States and Canada. In addition, the Company maintains a portfolio of investments abroad and conducts an extensive program of licensing of patents and technical know-how.

Export sales by the International General Electric Company Division in 1961 were 43% above those of 1960, benefiting from General Electric's technologies of increasing importance to customers abroad:

► As a supplier of automation and electrical drive equipment, the Company received orders for steel mill systems in the Netherlands, Wales and Spain, and for a stainless steel annealing furnace in France.

► As a builder of ship propulsion equipment, the Company furnished turbine and gear propulsion equipment for two super tankers, commissioned in foreign shipyards, and was at work on other orders, including equipment for the world's largest ocean-going cable ship.

► As a manufacturer of electric power apparatus, the Company received orders for a power station in India, for the largest turbine-generators to go into service in Mexico and Argentina, and for a gas-turbine installation in offshore oil facilities in Saudi Arabia.

► As a producer of transportation equipment, the Company completed shipment of a 115 diesel-electric locomotive order for South Africa, continued work on a 179-locomotive order for Brazil and received a 70-unit order for Argentina.

► To help meet the rapidly expanding world demand for consumer products, the Company began marketing a new 220-volt line of housewares suited to power supplies in many countries, introduced coin-operated laundries in France, and expanded exports of electronic products, including the complete equipment for a TV station in Buenos Aires.

Sales by Canadian General Electric Company totaled $215 million in 1961, a 5% decline from 1960 levels. The outlook, however, is for improved business as the Canadian economy recovers from its low cycle of recent years. Sales by this company consist almost entirely of products manufactured by 12,387 employees in 8 Canadian communities. A major industrial project of 1961 was the development of the world's largest rectifier-powered steel mill for a Canadian customer.

On February 1, 1962, the Canadian Company acquired ownership of Dominion Engineering Works, Limited, with facilities near Montreal, Quebec, for the manufacture of such products as hydraulic turbines and equipment for steel and paper mills. These facilities can also be adapted to the manufacture of heavy electrical equipment.

The acquisition, involving net assets of approximately $19 million (Canadian), was essentially effected by exchange in Canada of Canadian General Electric voting convertible preferred stock for shares of Dominion Engineering Works. For Canadian General Electric, this distribution of shares in Canada increases holdings by minority share owners from 0.4% to about 8%.

Sales by foreign nonconsolidated subsidiaries — companies outside the U.S. and Canada in which General Electric has the sole or majority interest—totaled $215.9 million for the twelve months ended September 30, 1961, as shown in the combined statements at right. This was an increase of $56.1 million over such sales for the prior year. About $43 million of the increase occurred because sales of the Company's Italian subsidiary—in which a controlling interest was acquired in April 1960—are included for the full twelve months ending in 1961, compared with only five months in the preceding period.

Earnings on these sales amounted to $5,448,000. Provision for the effect on net assets, except fixed assets, of the net decline in value of local currencies—principally in Venezuela and Brazil—amounted to $5,415,000, which reduced net earnings for these subsidiaries to $33,000, compared with $4,902,000 the year before.

Pictured at right—The diversity of General Electric's international operations.

1 and 2—Two views of plant expansion by General Electric foreign subsidiaries. 1—New appliance facilities in Colombia, now producing refrigerators and air conditioners. 2—Campinas Industrial Park, nearing completion in Brazil, which will produce a variety of heavy capital equipment. Also in 1961 General Electric undertook expansion of appliance facilities in the Philippines, augmented the sizable manufacturing operations in Mexico, and through its Australian subsidiary acquired a 30% interest in a local enterprise producing a full variety of appliances. In Italy the Company has a 75% interest in Compagnia Generale di Elettricita, which employs 9,600 in 8 plants producing a broad range of electrical products.

3—New locomotive in service in Brazil is representative of products manufactured in the United States for export.

4—Europe's first atomic electric power from a privately financed plant was generated in 1961 by this 15,000-kilowatt nuclear station at Kahl, West Germany. The reactor and nuclear fuel were supplied by the Atomic Power Equipment Department.

5—Canada's first atomic power plant, near Chalk River, Ontario, will achieve on-line operation in 1962. Its nuclear reactor system, developed by Canadian General Electric, will generate 20,000 kilowatts of power. It is a joint project with Atomic Energy of Canada, Ltd., and the Hydro-Electric Power Commission of Ontario.

6—Atomic power for Italy: Construction of the Garigliano Nuclear Power Station of SENN proceeds on schedule. Due to begin operations in 1963, it will supply 150,000 kilowatts of electricity.

Statements of Foreign Nonconsolidated Subsidiaries include enterprises employing approximately 31,000 people in 21 countries outside the U.S. and Canada. These subsidiaries operate 30 manufacturing or assembly facilities in 11 of these countries.

1

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Foreign Nonconsolidated Subsidiaries—Combined Statements

FINANCIAL POSITION	September 30	
	1961	**1960**
Customer receivables	$102,702,000	$ 86,960,000
Inventories	83,710,000	69,582,000
Fixed assets	51,578,000	46,123,000
Other assets	93,694,000	59,683,000
Total assets	331,684,000	262,348,000
Borrowings	55,752,000	51,776,000
Other liabilities	141,538,000	104,097,000
Total liabilities	197,290,000	155,873,000
Equity of, and advances by, General Electric	134,394,000	106,475,000
Carrying value at September 30	84,900,000	55,446,000
Excess of equity over cost	$ 49,494,000	$ 51,029,000
OPERATIONS (twelve months ended Sept. 30)		
Net sales billed	$215,949,000	$159,838,000
Earnings on these sales	$ 5,448,000	$ 6,309,000
Provision for the effect on net assets, except fixed assets, of net decline in local currency values	5,415,000	1,407,000
Net earnings	$ 33,000	$ 4,902,000
Dividends for calendar years 1961 and 1960, included in General Electric Company's earnings	$ 2,602,548	$ 2,151,312

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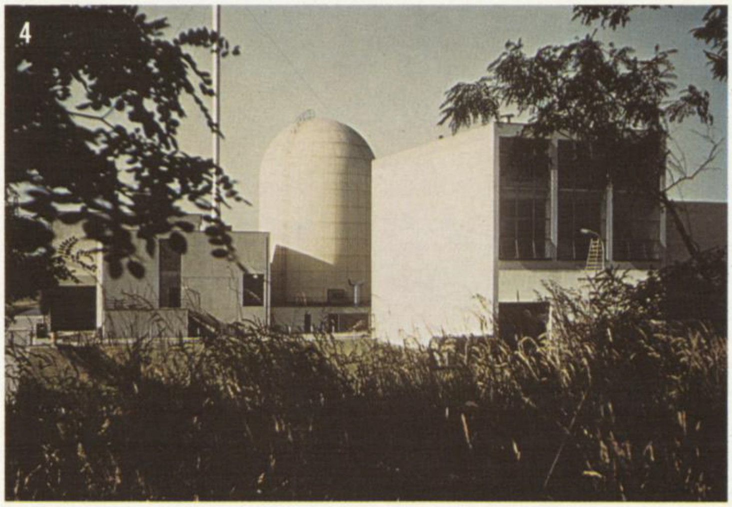

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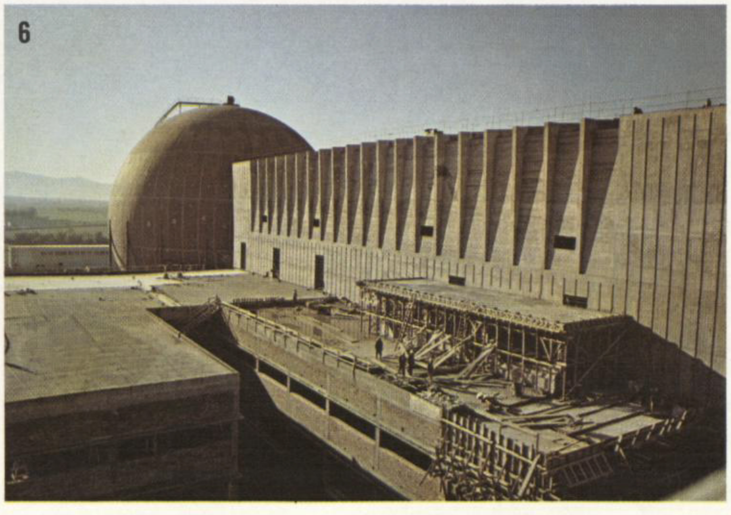


RESEARCH AND DEVELOPMENT were maintained at high levels in 1961

Expenditures on research and development by General Electric in 1961 continued at high levels. Thus, although this was a year of emphasis on cost reduction for General Electric, the reductions were not made at the expense of essential research and engineering advancement.

An intensive effort is being made to apply greater selectivity to research and development activities in order to weed out less promising projects and to concentrate more heavily on projects of particular importance in building new business.

A special light was thrown on the dimensions of General Electric research and development by a study released during the year by the Senate Judiciary Committee on the subject of patent practices of the Defense Department. The study shows that in the years from 1950 through 1959, General Electric spent $1,370,000,000 of Company funds for research and development activities and in this same period also performed $1,500,000,000 worth of research and development work for the Government. The average annual expenditure by the Company during this period was thus $287 million. The study indicates that General Electric has conducted the most extensive research and development activities of any company in the United States and, presumably, the world.

More than 50 major laboratories serve the research and development needs of specific operating components of General Electric, supplemented by numerous other laboratory activities of lesser size and scope. Examples of these major laboratories include: the Flight Propulsion Laboratory at Evendale, Ohio; the Lighting Research and Development Operation at Nela Park, Cleveland, Ohio; the Materials and Processes Laboratory at Schenectady, N. Y., for which new facilities were completed in 1961; and the Electronics Laboratory at Syracuse, N. Y., whose staff provides scientific and technological support to the electronic product departments.

A 1961 development of the Electronics Laboratory was the electronic heart stimulator called the General Electric Pacemaker. Surgically connected to the patient's heart, implanted in his body, it can correct the pulse rate of a weak heart. As a step in expediting the medical profession's use of the Pacemaker, the X-Ray Department has been given responsibility for its production and is supplying implantable units to an increasing number of individuals to enable them to lead normal lives again.

In addition to the product laboratories, three major laboratories serve the Company as a whole. These three, all located in Schenectady, are:

► The Research Laboratory, whose aim is to acquire new scientific knowledge in the broad areas of chemistry, general physics, electron physics, metallurgy and ceramics.

► The General Engineering Laboratory, which provides a central engineering facility with specialists in virtually every field of engineering. It also investigates the possibilities for new businesses compatible with the scope of the Company.

► The Manufacturing Laboratory, whose engineers and technicians help operating departments reduce manufacturing costs through developing advanced methods, equipment and processes.

At the end of 1961 the number of General Electric employees holding degrees in engineering or the physical sciences totaled more than 26,000.

The number of patents applied for offers a measure of the scope, vitality and effectiveness of research and engineering activities. In 1961 the patent applications on new inventions filed by General Electric totaled 1,301, or more than three a day.

The size of developmental expenditures, number of laboratories and total of patent applications are only rough material means of judging what is essentially a matter of spirit. The nine glimpses into General Electric research and development on the opposite page are important not alone for the promise they offer in future business growth and benefits to customers, but also for the visual evidence they give of creative people working in an encouraging atmosphere and supplied with the facilities and means that are conducive to achieving successful results.

1—**Salt-water conversion** equipment in Burlington, Vt., facilities delivers fresh water from brine. A similar unit has been built for Navy shipboard use, and a pilot plant leading to community application is now planned. Also, a prototype system for families and businesses has been developed by the General Engineering Laboratory.

2—**Optical maser** development at the General Engineering Laboratory promises new advances in communication. Device produces a very narrow beam of light on a single high frequency. One optical maser beam has a potential band width that is wider than the whole radio frequency spectrum.

3—**High-field superconductors** are materials that not only lose all electrical resistance at temperatures near absolute zero but also retain this superconductivity in the presence of high magnetic fields. Research Laboratory scientists foresee electromagnetic as well as electronic applications.

4—**Magnetohydrodynamics** (MHD) research aims at producing electricity by passing hot gaseous "plasmas" through a magnetic field. Research Laboratory's 130-foot shock tunnel aids studies.

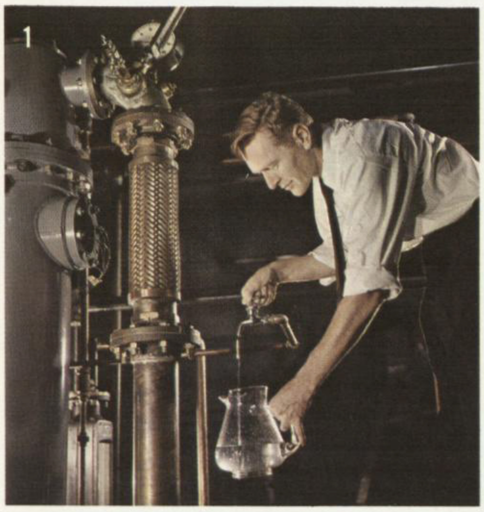
5—**Thin film circuits**, shown during fabrication at Electronics Laboratory, are only millionths of an inch thick yet incorporate the functions of several conventional electronic components.

6—**Copper dip forming** pioneered by the Research and Manufacturing Laboratories eliminates costly rolling operations and could result in major savings in the manufacture of copper wire. Shown: pilot plant in Schenectady, N. Y.

7—**Long-term fusion research** continues at the Research Laboratory, with the objective of harnessing the forces of hydrogen-bomb reactions to controlled electric power production. Equipment shown has achieved multi-million-degree temperatures and has released fusion energy at a peak rate of about half a kilowatt. However, much larger quantities must be released, and the time span of energy generation extended, before the feasibility of fusion power is demonstrated.

8—**Fuel cell** built at Lynn, Mass., for the Army Quartermaster Corps is tested in cold chamber. The Company's ion-exchange membrane fuel cells, converting chemical energy directly into useful electricity, are also being applied to a 50-watt power supply for an orbiting space vehicle.

9—**High-vacuum research** and studies in high-purity materials at the Research Laboratory provided basis for development of new product line of vacuum circuit-interrupters (page 12).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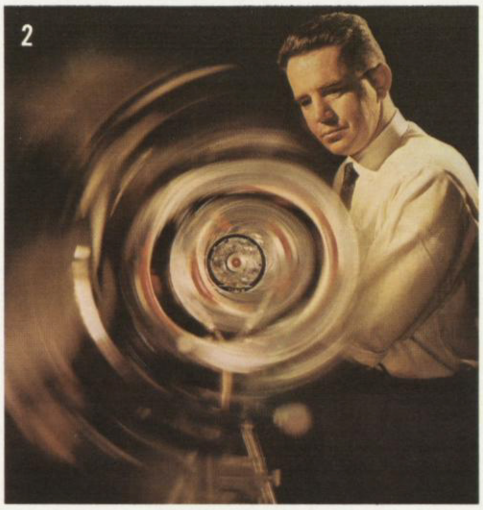
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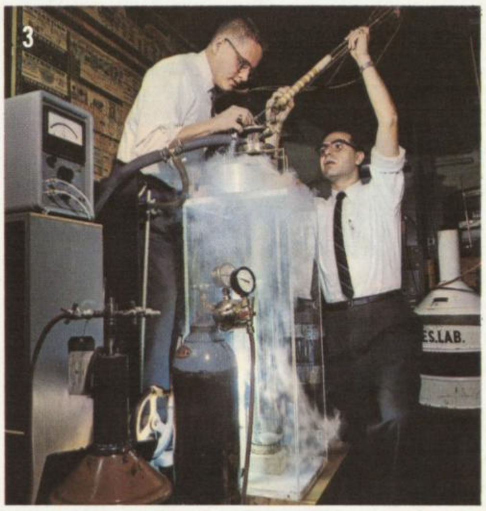
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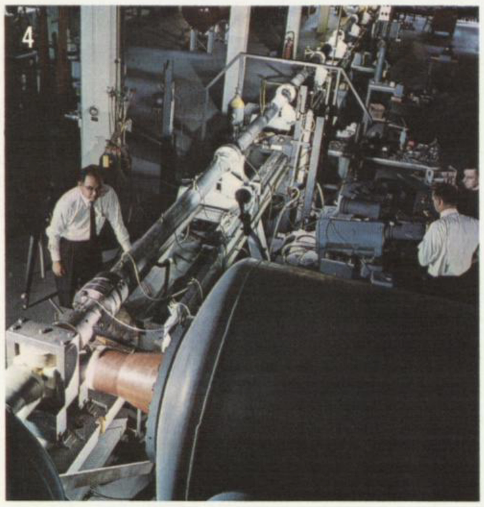
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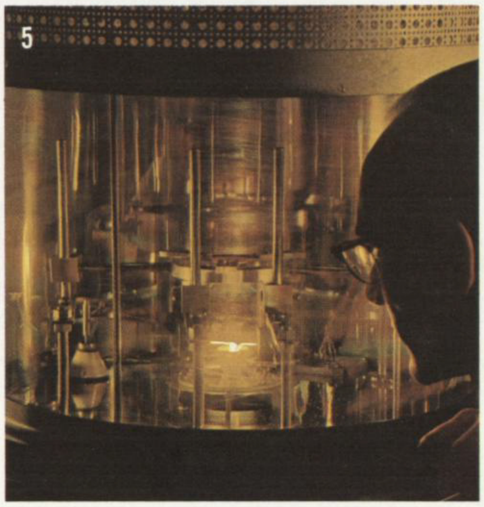
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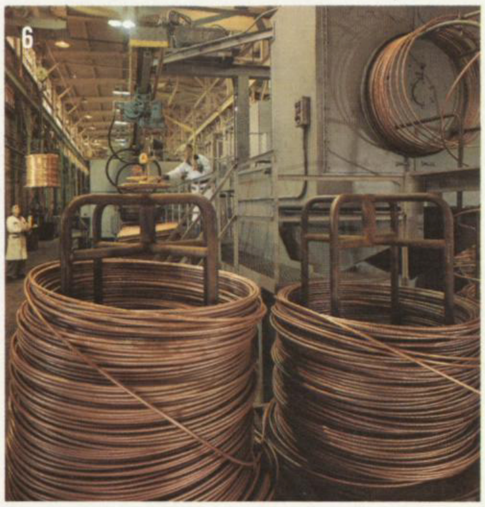
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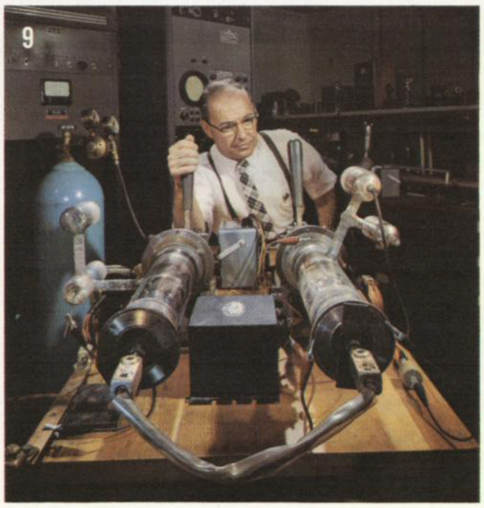
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REPORT on the antitrust cases

Last year's Annual Report informed share owners on indictments against 29 electrical manufacturers, including General Electric, charging violations of the Sherman Antitrust Act in connection with the sale of certain electrical apparatus. The Proxy Statement prepared in connection with the 1961 Annual Meeting carried an extensive report on these cases, and the Chairman of the Board discussed them at length at the Annual Meeting. He affirmed General Electric's continued determination to comply with the letter and the spirit of the antitrust laws, and described some of the additional measures that have been taken to prevent future violations. The Company is now striving to bring to a satisfactory conclusion the legal complications resulting from the antitrust cases.

One problem has been to work out with the Justice Department the provisions of consent decrees to resolve the civil suits which accompanied the indictments and which sought injunctions against repetition of the conduct challenged in the indictments.

The Company has repeatedly stated that it stands ready to consent to the entry of customary decrees which would be consistent with the relief sought in the original complaints. The understanding that such decrees would be entered was a major factor in the Company's decision to plead guilty or nolo contendere to the indictments as part of the overall settlement of these cases. However, the consent decrees thus far proposed to General Electric by the Justice Department have been inconsistent with that understanding—even though we have been informed that customary decrees have been offered to the other defendants in these cases.

General Electric is most anxious to end these regrettable cases, and is making determined efforts to come to agreement with the Antitrust Division of the Justice Department on the terms of an appropriate consent decree.

As a further outgrowth of the antitrust cases, the Company has also been named as a defendant along with other electrical manufacturers in approximately 1,500 suits brought by a total of about 450 customers, both investor-owned and Federal, state and municipal agencies, who claim that they have suffered damages in connection with purchases of electrical apparatus during the period of the alleged antitrust violations.

The aggregate amount of the damages now sought by the plaintiffs from General Electric in these cases cannot be ascertained, since many do not specify any dollar amounts.

Your management believes that purchasers of such apparatus have generally received fair value by any reasonable standards, and with respect to the cases that are tried in the courts, the Company will vigorously defend the share owners' interests. It is not possible to ascertain what the impact of these cases will be, or to determine in any way their possible future financial effect. The final resolution of these cases may require years of litigation and negotiation. Principally for these reasons no attempt has been made to include in the Company's accounts any specific provision for possible future charges arising from these cases.

It is hoped that some settlement procedures can be developed that avoid the costs, delays, and uncertainties of years of litigation, so onerous to all the parties involved.

To the end of settling or successfully defending these cases, a small but highly competent Settlement and Litigation Operation has been established within the Company. This Operation is also striving to reduce for the rest of the employees the distractions arising from damage suits and other legal aftermath.

Another consequence of the Company's involvement in this antitrust situation is that two share owner derivative suits are presently pending against certain present and former directors and the individuals who were defendants in the antitrust proceedings.

Share owners, being more fully informed than most citizens on these widely publicized antitrust cases, can help to minimize public misinformation on the subject. General Electric is a responsible company that wants its employees to abide by the law, recognizes that mistakes were made, and has made determined efforts to set its house in order. Through written directives, educational efforts with employees, and a system of additional auditing methods, management has continued extensive efforts to prevent future violations.

Now, as is evidenced by the trend of financial results in 1961, the Company's employees are working with renewed dedication to serve customers better, produce greater earnings and growth for share owners, and prove once more that General Electric is one of the great companies of the world.

February 16, 1962

1961 investment in facilities included (right) doubling the floor space for manufacture of computers in Phoenix, Arizona. In foreground: new line of peripheral equipment—the document handlers, encoders, card readers and card punch equipment needed for full utilization of computers.

1961 FINANCIAL SUMMARY

Sales of products and services totaled $4.5 billion in 1961, a 6% increase over 1960, and a new record high for any year. Defense sales and international business were particularly strong, with consumer goods showing moderate gains over the prior year. Volume for heavy capital goods increased slightly, and sales of industrial components and materials held even with 1960 sales volume. See pages 4 through 19 for further discussion of 1961 sales.

Wages, salaries and employee benefits amounted to $1,903.6 million in 1961. Average compensation per employee, including the Company cost of employee benefits, was $7,642, a new high. See page 33 for further details.

Materials, supplies and all other costs not shown separately totaled $2,062.9 million, an increase of $92.6 million over such costs for 1960. Price levels for purchased materials were generally about the same as those for the prior year.

Depreciation and amortization (cost of wear and obsolescence of plant and equipment) amounted to $117.9 million, compared with $116.0 million in 1960. Plant and equipment expenditures totaled $145.2 million, an increase of $8.3 million over 1960, as shown in the tabulation at the bottom of this page.

Taxes, except those on income, totaled $39.4 million, 8% above 1960 amounts. These taxes are mainly state and local franchise and property taxes. They do not include (1) social security taxes (a part of employee benefits), (2) indirect taxes which are not ascertainable in the cost of materials and services purchased, or (3) certain excise and sales taxes not recorded in sales or costs.

Inventories include raw materials, items in process of manufacture and products ready for sale. At the end of 1961, inventories totaling $648.4 million were carried forward as costs applicable to sales in future years. The ratio of year-end inventories to sales was 14.5% for 1961, compared with 15.6% in 1960. The lower 1961 ratio meant that inventories—especially for commercial departments — were being maintained at somewhat lower levels in relation to sales, largely as a result of improved inventory procedures.

Nonoperating income totaled $54.6 million in 1961, up $11.0 million over the preceding year. The principal reason for the increase was payment received from a foreign government of a reparations claim arising from World War II, amounting to $10.7 million. After provision for Federal income taxes, this recovery added $5.1 million to net income for the year. Interest on debentures and other financial charges were nearly all applicable to the Company's outstanding 3½% debentures.

Provision for Federal and Canadian income taxes and for renegotiation was $241.7 million for 1961, 27% above the 1960 provision. The tax returns of the Parent Company and its principal subsidiaries have been audited by tax authorities through 1957 and, aside from certain refund claims, no controversies are pending.

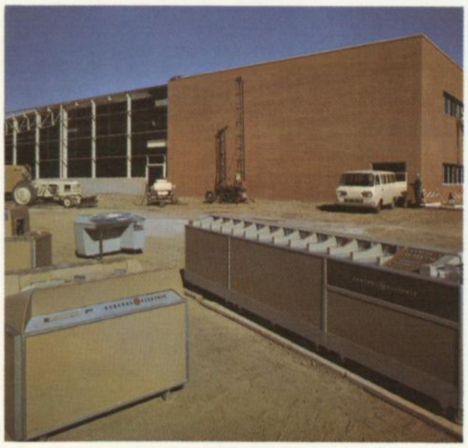
Other income taxes (state and local) were $2.5 million in 1961, up $0.4 million from 1960.

Total tax and renegotiation cost for General Electric in 1961 was $3.18 a share of common stock—46 cents more than net earnings.

Net earnings applicable to common stock aggregated $242.1 million — 21% above earnings for 1960, and equivalent to $2.72 a share of common stock. Earnings as a percentage of sales were 5.4% in 1961, compared with 4.8% in 1960 and 6.4% in 1959 (see pages 2 and 3).

Dividends declared were $2.00 a share in 1961, a total of $176.4 million. This was 73% of net earnings, compared with 88% for 1960 and 62% for 1959, when dividends were also $2.00 per share (see pages 2 and 3).

(continued on next page)



(In millions)

CHANGES IN PLANT AND EQUIPMENT DURING	1961	1960	1959
Cost of plant and equipment in use January 1	$1,616.5	$1,566.4	$1,553.0
Cost of facilities added during year	145.2	136.9	91.3
Deduct: Cost of facilities dismantled during year	*88.3*	*86.8*	*77.9*
COST OF PLANT AND EQUIPMENT IN USE DECEMBER 31	$1,673.4	$1,616.5	$1,566.4
Accumulated depreciation and amortization January 1	$ 922.8	$ 886.8	$ 840.3
Total depreciation and amortization included in costs	117.9	116.0	119.9
Deduct: Accumulated depreciation and amortization on facilities dismantled during year	*84.0*	*80.0*	*73.4*
ACCUMULATED DEPRECIATION AND AMORTIZATION DECEMBER 31	$ 956.7	$ 922.8	$ 886.8
COST LESS DEPRECIATION AND AMORTIZATION DECEMBER 31	$ 716.7	$ 693.7	$ 679.6

Net working capital (the excess of current assets over current liabilities) amounted to $670.5 million at the end of 1961. Changes in net working capital may be summarized as follows:

(In millions)

	1961	1960
Additions to net working capital		
Net earnings for the year	$242.1	$200.1
Depreciation for the year	117.9	116.0
	360.0	316.1
Reductions in net working capital		
Dividends on common stock	176.4	175.5
Expenditures for plant and equipment	145.2	136.9
Increase / *decrease* in noncurrent receivables	65.0	*1.5*
Increases in investments and advances	59.0	42.1
General Electric debentures purchased	16.7	29.0
All other—net	0.1	*10.8*
	462.4	371.2
Decrease in net working capital	$102.4	$ 55.1

Cash and marketable securities totaled $305.2 million at the close of 1961. The decrease of $109.2 million during the year was caused mainly by the greater investment required for receivables and increased investments in foreign nonconsolidated subsidiary companies.

Receivables, less reserves, were $670.8 million at December 31, 1961. The increase of $105.0 million was mainly caused by higher billings in December 1961 as compared with the final month of 1960.

Noncurrent receivables, included under other assets, totaled $129.4 million on December 31, 1961, an increase of $65.0 million during the year. Greater long-term financing for foreign business, mainly in Latin American countries, was principally responsible for the increase.

Investments and advances amounted to $272.9 million at the end of 1961, compared with $213.9 million at the end of 1960. Details of the investment account are shown on page 28, and the bases on which these investments are valued are described in the Notes to Financial Statements.

The amount invested in General Electric Credit Corporation totaled $128.1 million at December 31, 1961, up $15.5 million from the end of the preceding year. This wholly owned subsidiary, which assists customers in the financing of their purchases, had assets of $665.9 million at the end of 1961. During the year the Corporation purchased from dealers $462.4 million of customers' contracts. Assistance to distributors and dealers through inventory financing amounted to $257.1 million in 1961. A newly established commercial and industrial sales financing business provided an additional $101.1 million of volume in 1961. Statements of the financial position and the current and reinvested earnings of this subsidiary are presented in Notes to Financial Statements, page 29.

Investments in, and advances to, foreign nonconsolidated subsidiaries amounted to $84.5 million at the end of 1961. This was an increase of $20.3 million during the year, caused principally by higher investment in Latin American countries. Combined statements for these subsidiaries at September 30, 1961 and 1960 and operating results for the twelve months then ended appear on page 19.

Investment of $27.1 million in the Company's common stock represented the cost of 372,601 shares held for corporate purposes at the end of 1961. A summary of changes in these holdings appears below:

	Number of shares
Shares of General Electric common stock held at January 1, 1961	366,887
Acquired during the year	581,104
	947,991
Used during 1961	
For the Incentive Compensation Plan	
Delivered to participants	38,700
Transferred under deferred provisions	15,376
For the General Electric Savings and Security Program	498,580
For the General Electric Savings and Stock Bonus Plan	21,154
Other awards to employees	1,580
Total shares used	575,390
Shares held at December 31, 1961	372,601

In addition, at December 31, 1961 the Company was holding for ultimate distribution to employees on a contingent basis under the deferred compensation provisions of the Incentive Compensation Plan, a total of 312,914 shares of common stock allotted during the years 1948 through 1961. These shares were carried under "Other Assets" as a part of "Funds for employee benefit plans" at market value on the date of their allotment, with an offset under "Other Liabilities."

Miscellaneous securities, totaling $40.1 million at the end of 1961, increased $24.4 million during the year, mainly because of longer-term investments in certain government-guaranteed obligations.

The Company's 3½% debentures outstanding at the end of 1961 amounted to $228.6 million, a decrease of $16.7 million from the amount outstanding at the end of 1960. During the year, reacquired debentures with face value of $13.9 million, acquired at a cost of $13.0 million, were retired in accordance with the sinking fund provisions of the underlying indenture agreement. At the close of 1961, outstanding debentures represented the remaining unretired debentures having a face value of $286.1 million, less reacquired debentures with a face value of $57.5 million, held in treasury.

Common stock issued by the Company amounted to 89,345,647 shares at December 31, 1961, compared with 88,860,183 shares at the close of the previous year. During 1961, a total of 274,218 shares were issued under the restricted stock option plans (see next page) and 211,246 shares under the General Electric Savings and Security Program (see Details of Items in Statements, page 28).

Amounts in excess of par value received for stock totaled $151.8 million at the end of 1961, an increase of $21.7 million during the year. The increase arose from $21.6 million of premium received on original sale of common stock plus $0.1 million from disposition of common stock held in treasury (see Details, page 28).

The Incentive Compensation Plan provides incentive for outstanding performance by key employees. Incentive amounts allotted in any given year vary in accordance with how well the year's objectives are met by the Company, by the component for which the individual works, and by the individual himself. Allotments made in 1961 for outstanding performance in 1960 amounted to $8,803,752 for 2,226 employees.

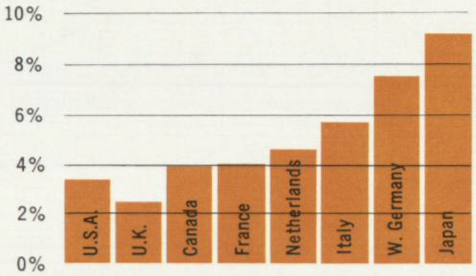
The restricted Stock Option Plan, approved by the share owners in 1958, and a previous similar plan, provided continuing incentive for more than 1,100 employees during 1961. The option price of grants under these plans is the full market value of General Electric stock on the date of the grant, so participants do not benefit unless the stock's market price rises, thus benefiting all share owners. Also, in order to exercise options, the employee must remain with the Company, since options may be exercised only after annual installments mature, generally over a period of nine or ten years. Thus the plan encourages outstanding managers and professional employees to have a greater long-term interest in the Company's overall results.

During 1961, additional stock options were granted for 80,971 shares. Shares deducted from original grants for such reasons as deaths, retirements and withdrawals totaled 98,163. Options for 1,381,017 shares outstanding at the end of 1961 were held by 1,143 individuals and 1,522,364 shares were available for the granting of additional options. A summary follows:

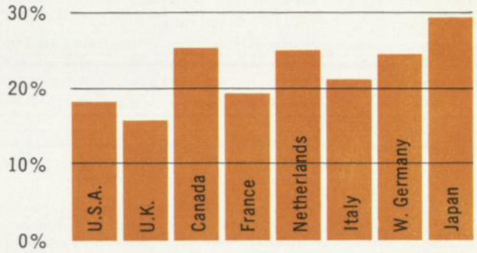
Year of grant	Average option price	Net original grants*	Installments		1961 purchases
			not yet exercisable	exercisable but not yet purchased	
1953	$23.89	1,948,363	256,794	88,469	146,962
1954	45.00	545,965	95,252	116,741	64,648
1955	52.25	644,861	194,504	211,454	58,289
1957	65.76	188,212	98,675	72,739	3,125
1958	64.88	58,733	38,269	16,618	1,194
1959	79.88	31,939	24,614	7,325	—
1960	78.63	78,592	69,678	8,914	—
1961	78.00	80,971	80,971	not yet exercisable	
		3,577,636	858,757	522,260	274,218

*After deductions for such reasons as deaths, retirements and withdrawals. December 31, 1961 closing market price was $75.25.

Average Annual Rate of Economic Growth 1950-59



Capital Formation as % of Output 1950-59 Average



Economic growth of other countries which have higher investment rates points up the increasingly urgent need for . . .

ENCOURAGING CAPITAL FORMATION IN THE UNITED STATES

Share owners in American industry occupy a key position in the public discussion on how to accelerate economic growth. Significant measures show that the United States economy remains well ahead of those of other nations of the free world. However, as the chart above at left indicates, other countries' domestic growth rates are outpacing that of the U. S. This trend continued in 1960, when growth over the prior year ranged from 4.5% for the United Kingdom to 8% for West Germany and about 10% for Japan, compared with 2.9% for the United States.

The chart above at right presents a principal reason for these trends: in these other countries a higher proportion of productive resources is going into capital formation—the investment for such things as new plants and better equipment.

In free economies, funds for such investments for the future come primarily from the savings of individual citizens and of industry. Yet in the United States those who save and invest in risk-taking ventures have encountered serious obstacles:

► High income tax rates for individuals and corporations reduce the amount of savings otherwise available for risk-taking investment. Also, they make these investments less attractive by reducing the prospective rewards if the investments are successful.

► Even such minor correctives as the limited tax exclusion and credit allowed share owners on their dividends since 1954 are in constant danger of being eliminated. A proposal to repeal these measures of relief was discussed in Congress in 1961 and has again been recommended.

► Modernization by industry is hampered, as discussed in preceding Annual Reports, by U. S. tax depreciation policies. Although improved by statutory changes in 1954 and by somewhat less restrictive administrative attitudes in recent years, these policies still trace back to Government decisions in the depression period of the 1930's. To an increasing degree, obsolescence is becoming a greater cost factor than traditional wear and tear.

The possibilities for tax reform are being studied by the House Ways and Means Committee in its appraisal of the Federal income tax system from several points of view, including the need for "providing a climate for economic growth." Also, studies of the effect of obsolescence on depreciation allowances in certain industries—including the electrical manufacturing industry—have recently been conducted by the Internal Revenue Service.

General Electric's management has cooperated in these studies and has recommended that depreciation policies in particular deserve earnest re-appraisal. The Company's basic position has been embodied in proposals calling for:

► Formulating a more useful concept than that of the "physical life" of equipment initiated under greatly different conditions of more than a quarter-century ago.

► Adopting policies that take into account the tremendous changes resulting from accelerated research and development and from the drive toward automation as industry seeks to compete in world markets.

► Allowing management greater latitude in determining the period over which assets are depreciated for Federal income tax purposes, subject to the requirements that allowances claimed for tax purposes be consistently calculated and be the same as those recorded in the books of account for reports to share owners.

Efforts such as these need the informed and active support of share owners if the capital sector of the economy is to receive proper emphasis in any tax reforms attempted. By helping to remove present impediments to capital formation, share owners can contribute new impetus to the growth of the nation's economy.

Consolidated Statement of Financial Position

	DECEMBER 31	
	1961	**1960**
Cash on hand and in banks	$ 100,120,454	$ 88,891,336
Marketable securities (bonds and other short-term investments readily convertible to cash)	205,039,360	325,464,949
Receivables* (money owed to the Company by customers, to be paid within a year)	670,774,418	565,814,690
Inventories (materials, and products being made or completed and ready for sale)	648,447,738	655,161,191
	1,624,381,970	1,635,332,166
Deduct: Collections from customers on contracts in progress and anticipated price adjustments on contracts	171,893,002	156,798,186
CURRENT ASSETS (cash, or items generally convertible to cash within a year)	1,452,488,968	1,478,533,980
Investments and advances* (mainly securities of wholly owned companies not consolidated, plus loans to them)	272,884,527	213,884,864
Plant and equipment less accumulated depreciation* (original cost of land, buildings and equipment—less estimated cost consumed by wear and obsolescence)	716,656,063	693,708,385
Other assets* (long-term receivables, special funds, etc.)	262,432,645	165,130,400
TOTAL ASSETS (items owned at the end of the year)	2,704,462,203	2,551,257,629
Notes payable by consolidated subsidiaries	50,000	3,980,000
Accounts payable* (mainly money owed for materials and services supplied by others)	209,961,510	187,533,305
Dividends payable to share owners	44,145,150	43,938,056
Taxes accrued (taxes owed to local, state, Federal and Canadian governments)	259,612,099	207,800,795
Other costs and expenses accrued* (amounts to be paid employees, interest owed, etc.)	268,267,225	262,329,529
CURRENT LIABILITIES (amounts generally due within the year ahead)	782,035,984	705,581,685
3½% debentures due May 1, 1976 (amount owed on long-term borrowings)	228,627,000	245,369,000
Other liabilities* (long-term payables, etc.)	57,680,941	57,853,146
Remainder of premium received from 1956 sales of debentures	869,779	978,603
Miscellaneous reserves (provision for future payment of costs incurred to date)	30,595,651	26,526,848
Minority share owners' interest in Canadian General Electric Company, Ltd.	1,450,725	1,531,901
TOTAL LIABILITIES, reserves and minority interest (amounts owed at year end)	1,101,260,080	1,037,841,183
Excess of Assets over Liabilities, Reserves and Minority Interest—Ownership	$1,603,202,123	$1,513,416,446
This ownership (share owners' equity) is evidenced by:		
Common stock* (issued shares of stock, each with a par value of $5)	$ 446,728,235	$ 444,300,915
Amounts in excess of par value received for stock*	151,813,595	130,093,287
Earnings reinvested in the Company	1,004,660,293	939,022,244
TOTAL SHARE OWNERS' EQUITY	$1,603,202,123	$1,513,416,446

*Details shown on page 28

Consolidated Statement of Current and Reinvested Earnings

	FOR THE YEAR		
	1961	**1960**	**1959**
SALES of products and services to customers	$4,456,815,169	$4,197,535,440	$4,349,508,529
Deduct operating costs:			
Inventories at January 1 (costs carried over from prior year)	655,161,191	626,203,743	610,478,191
Wages, salaries and employee benefits	1,903,613,703	1,848,151,233	1,783,729,762
Materials, supplies and all other costs not shown separately	2,062,921,379	1,970,258,713	1,997,040,936
Depreciation—cost of wear and obsolescence of plant and equipment	117,879,850	116,028,159	119,895,830
Taxes, except those on income	39,379,845	36,390,587	38,027,696
Less—Inventories at December 31 (costs carried over to next year)	*648,447,738*	*655,161,191*	*626,203,743*
—Wages, salaries and employee benefits directly reimbursed by Atomic Energy Commission	*105,451,984*	*93,713,939*	*88,400,930*
Total costs applicable to sales	4,025,056,246	3,848,157,305	3,834,567,742
EARNINGS RESULTING FROM SALES	431,758,923	349,378,135	514,940,787
Add nonoperating income:			
Net earnings of General Electric Credit Corporation	9,539,960	7,325,482	7,566,893
Dividends received from foreign nonconsolidated subsidiaries	2,602,548	2,151,312	7,942,868
Other nonoperating income—net	51,192,811	43,658,422	35,584,075
Less—interest on debentures and other financial charges	*8,776,894*	*9,617,601*	*10,638,288*
Nonoperating income—net	54,558,425	43,517,615	40,455,548
EARNINGS BEFORE INCOME TAXES AND RENEGOTIATION	486,317,348	392,895,750	555,396,335
Deduct—Federal and Canadian income taxes, and renegotiation	241,700,000	190,700,000	272,000,000
—Other income taxes	2,453,274	2,030,687	3,048,315
—Minority interest in subsidiary's net earnings	85,117	93,353	105,897
NET EARNINGS applicable to common stock	242,078,957	200,071,710	280,242,123
Deduct—Dividends declared for year	176,440,908	175,481,675	174,332,335
Amount added to reinvested earnings for year	65,638,049	24,590,035	105,909,788
Reinvested earnings January 1	939,022,244	914,432,209	808,522,421
REINVESTED EARNINGS December 31	$1,004,660,293	$ 939,022,244	$ 914,432,209
Earnings per share	$2.72	$2.26	$3.19
Dividends declared and paid per share	$2.00	$2.00	$2.00

Reference should be made to Notes on pages 28 and 29.

DETAILS of Items in Statements

	DECEMBER 31 1961	DECEMBER 31 1960
RECEIVABLES:		
From nonconsolidated subsidiaries	$ 25,154,399	$ 9,346,639
Other, less reserves	645,620,019	556,468,051
	$ 670,774,418	$ 565,814,690
INVESTMENTS AND ADVANCES:		
General Electric Credit Corporation—Equity	$ 69,091,916	$ 59,551,956
—Advances	59,000,000	53,000,000
Jelco Corporation—Equity and advances	679,881	39,151
Foreign nonconsolidated subsidiaries—Investments at cost	45,758,263	37,387,546
—Advances	38,700,295	26,732,478
General Electric common stock at cost	27,083,908	29,008,164
Miscellaneous securities at cost	40,070,264	15,665,569
	280,384,527	221,384,864
Less: Reserve	7,500,000	7,500,000
	$ 272,884,527	$ 213,884,864
PLANT AND EQUIPMENT:		
Plant and equipment at cost	$1,673,452,682	$1,616,552,225
Less: Accumulated depreciation and amortization	956,796,619	922,843,840
Cost less accumulated depreciation and amortization	$ 716,656,063	$ 693,708,385
OTHER ASSETS:		
Noncurrent receivables, less reserve	$ 129,442,938	$ 64,417,887
Equipment leased to others—net	34,163,582	19,972,871
Advances to vendors and distributors	26,014,228	19,657,372
Funds for employee benefit plans—per contra in Other Liabilities	20,626,400	19,567,759
Deferred charges, less reserve	14,341,597	17,080,646
Loans and advances to employees	4,700,845	4,179,203
All other	33,143,055	20,254,662
	$ 262,432,645	$ 165,130,400
ACCOUNTS PAYABLE:		
Trade payables	$ 164,697,703	$ 146,040,596
Payables representing collections from employees and others	44,678,636	40,517,675
Accounts payable to nonconsolidated subsidiaries	585,171	975,034
	$ 209,961,510	$ 187,533,305
OTHER COSTS AND EXPENSES ACCRUED:		
Payrolls accrued	$ 26,115,842	$ 24,348,084
Interest expense accrued	1,357,417	1,462,088
Other costs and expenses accrued—includes liabilities for replacements under guarantees, renegotiation, allowances to customers, employee benefit costs, etc.	240,793,966	236,519,357
	$ 268,267,225	$ 262,329,529
OTHER LIABILITIES:		
Noncurrent accounts payable and other accruals	$ 37,054,541	$ 38,285,387
Liability for employee benefit plans—per contra in Other Assets	20,626,400	19,567,759
	$ 57,680,941	$ 57,853,146
COMMON STOCK ($5 par value):		
Balance January 1	$ 444,300,915	$ 441,414,495
Shares issued under General Electric Stock Option Plans	1,371,090	1,816,510
Shares issued under General Electric Savings & Security Program	1,056,230	1,069,910
Balance December 31	$ 446,728,235	$ 444,300,915
Issued shares December 31 (105,000,000 authorized)	89,345,647	88,860,183
AMOUNTS IN EXCESS OF PAR VALUE received for stock:		
Balance January 1	$ 130,093,287	$ 101,840,158
Premium received on shares issued	21,573,787	28,446,504
Net increase / *decrease* from dispositions of treasury stock	146,521	*193,375*
Balance December 31	$ 151,813,595	$ 130,093,287

NOTES to Financial Statements

Basis of consolidation — These financial statements and accompanying schedules represent a consolidation of the accounts of the Parent Company — General Electric — and those of all wholly owned or substantially wholly owned subsidiary companies dealing primarily in United States or Canadian currencies, except General Electric Credit Corporation, its subsidiary, and Jelco Corporation, which are sales finance subsidiaries.

All significant intercompany items have been eliminated.

Canadian accounts were converted to U. S. dollars on a dollar-for-dollar basis. To revalue net working capital in Canada to the year-end exchange rate, $3,243,407 was established in Miscellaneous Reserves at the close of 1961, with a corresponding charge to 1961 operations. Net assets in Canada at December 31, 1961 totaled $111,985,115 after this revaluation.

Marketable securities were carried at the lower of amortized cost or market value. Carrying value was substantially the same as market value.

Inventories were carried at cost, exclusive of certain indirect manufacturing expenses and intercompany profits, and less reserves which made provision for possible losses on inactive and excess stocks. Carrying value was not in excess of market. Cost of substantially all inventories in the United States was determined on a last-in, first-out (LIFO) basis. Inventories of Canadian components, with a net value of $46.7 million before exchange revaluation, were valued on a first-in, first-out (FIFO) basis.

Investments and advances—All earnings of General Electric Credit Corporation, its subsidiary, and Jelco Corporation are included in the consolidated statement of current earnings, and investment represents the Company's equity in, and advances to, these subsidiaries. Statements for General Electric Credit Corporation above at right form a part of these notes.

Only dividends received from foreign nonconsolidated subsidiaries are included in the Company's statement of current earnings, and carrying value of these subsidiaries represents cost of investment in, and advances to, these companies. Combined statements of foreign nonconsolidated subsidiaries as of September 30, 1961 and 1960 are shown on page 19.

Investment in General Electric common stock at the close of 1961 represented the cost of 372,601 shares being held for corporate purposes, such as requirements for the General Electric Savings and Security Program, Savings and Stock Bonus Plan, Incentive Compensation Plan, and patent awards to employees. On December 31, 1961 these shares had a quoted market value of $28,038,225.

On December 31, 1961 the fair value of miscellaneous securities was approximately $98 million.

General Electric Company 3½% debentures mature May 1, 1976, with interest payable on May 1 and November 1. The indenture provides for sinking fund payments of $13 million annually through 1975. The Company, at its option, may make additional annual payments of up to $13 million, and also has the option of redeeming all or part of the bonds at any time upon payment of redemption premiums ranging downward from 2.9%. The underlying indenture also includes certain limitations on pledge, mortgage, or disposition through sale and lease-back of manufacturing properties. Reacquired debentures with face value of $57,499,000 held in treasury in anticipation of sinking fund requirements have been deducted from unretired debentures totaling $286,126,000 at the end of 1961.

Contingent liability—As discussed on page 22, no specific provision has been made for possible future charges arising from antitrust cases.

Costs applicable to sales — Expenses directly reimbursed by the Atomic Energy Commission for the Company's operation of atomic projects for the Government at Richland, Wash., Schenectady, N.Y., and St. Petersburg, Fla., are not included in sales or costs applicable to sales.

As described on page 33, the estimated future earnings rate on assets of the General Electric Pension Trust was increased from 3% to 3½%, effective January 1, 1961, which reduced the Company's contribution to the Trust for 1961. The net effect of this reduction, in comparison with 1960, was to add approximately $12.6 million, or 14 cents per share, to 1961 after-tax earnings.

GENERAL ELECTRIC CREDIT CORPORATION Consolidated Financial Statements

	DECEMBER 31	
FINANCIAL POSITION	**1961**	**1960**
Cash	$ 27,513,079	$ 26,810,555
Receivables, less reserve*	635,220,386	522,943,804
Prepaid interest and discount	1,677,062	1,893,316
Other assets	1,465,060	838,840
Total assets	665,875,587	552,486,515
Notes payable to:		
General Electric Company	20,000,000	20,000,000
General Electric Company—subordinated	39,000,000	33,000,000
Others	414,617,500	342,049,156
Accounts and drafts payable	24,754,517	17,291,587
Deferred payments to dealers	27,071,407	22,792,365
Accrued Federal taxes on income	6,995,121	5,252,306
Other accrued liabilities	2,679,608	2,519,205
Deferred income	61,665,518	50,029,940
Total liabilities	596,783,671	492,934,559
Assets less liabilities—equity	$ 69,091,916	$ 59,551,956
Equity represented by:		
Common stock (par value $100 a share)	$ 10,000,000	$ 10,000,000
Investment in excess of par value of common stock	1,100,000	1,100,000
Reinvested earnings	57,991,916	48,451,956
Equity—held by General Electric Company	$ 69,091,916	$ 59,551,956
*Reserve for receivable losses	$ 11,100,000	$ 8,000,000

CURRENT AND REINVESTED EARNINGS	**1961**	**1960**	**1959**
Volume of time sales and inventory financing	$820,615,545	$756,577,498	$649,985,671
Gross earned income	$ 65,177,962	$ 57,805,179	$ 48,707,142
Expenses—Operating and administrative	30,455,192	27,875,177	22,760,078
—Interest and discount	14,912,810	14,709,520	10,400,171
—Federal income taxes	10,270,000	7,895,000	7,980,000
Net earnings for the year	9,539,960	7,325,482	7,566,893
January 1 reinvested earnings	48,451,956	41,126,474	33,559,581
December 31 reinvested earnings	$ 57,991,916	$ 48,451,956	$ 41,126,474

INDEPENDENT AUDITORS' REPORT to the share owners and board of directors of General Electric Company

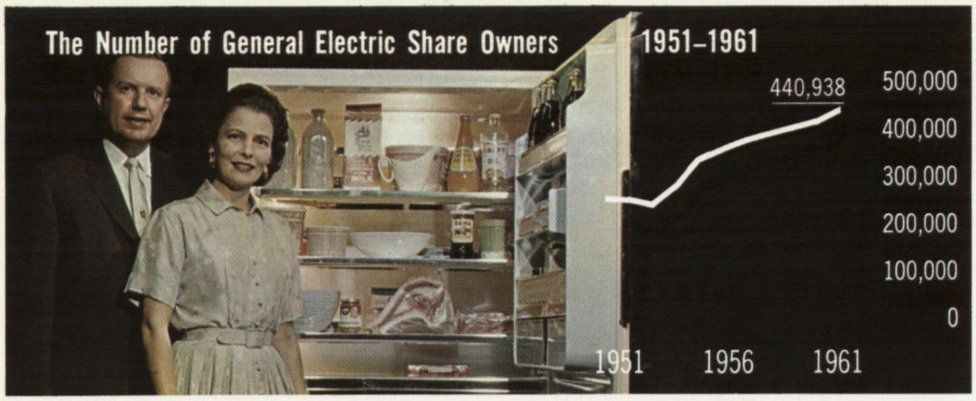
We have examined the consolidated statement of financial position of General Electric Company and subsidiaries as of December 31, 1961 and the related statement of current and reinvested earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated statements, with the explanation regarding antitrust litigation referred to above and on page 22, present fairly the financial position of General Electric Company and subsidiaries at December 31, 1961 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

Peat, Marwick, Mitchell & Co.

Seventy Pine St., New York 5, N.Y., Feb. 15, 1962.



PEOPLE—Those participating in the

SHARE OWNERS

New share owners raised to a record 440,938 the average number of General Electric share owners in 1961. Many other thousands of beneficial owners have their shares registered in the names of brokers or nominees of banks or trust companies. More than 175,000 employees are or are becoming share owners through the Company's savings programs.

In addition to their vital role in supplying capital for General Electric's growth, many share owners advance the Company's welfare by also being good customers and "salesmen" for the Company's products. Research indicates that when share owners buy appliances they select General Electric, in preference to competitive makes, about twice as often as the general public does. As an example, the Scott Hansons (above, left), share owners in Dallas, Texas, own a new General Electric Spacemaker refrigerator whose thin walls, made possible by a new foamed insulation, enable the unit to offer 18.8 cubic feet of storage space while taking up no more space than 10-cubic-foot models of a decade ago.

THE BOARD OF DIRECTORS

As pictured in the two lower photos at left, Directors included two major plant visitations in their 1961 activities as a means of reinforcing their firsthand knowledge of important areas of the Company's operations. Center: Directors at Electronics Park, Syracuse, in April. Bottom: Directors on October visit to Appliance Park, Louisville.

Three members who had given long and distinguished service to General Electric have resigned from the Board. These were: Donald K. David, a Director since 1945; Sidney J. Weinberg, a Director since 1945; and Henry Ford II, a Director since 1955. All three have long been Directors of Ford Motor Company and, in view of that company's recent acquisition of Philco Corporation, they did not believe it appropriate to continue as Directors of General Electric.

The Directors and their principal affiliations, as of February 16, 1962:

S. Sloan Colt, Director and Member of the Executive Committee, Bankers Trust Company, New York, N.Y. Also, Chairman of the Board of Commissioners, The Port of New York Authority.

Ralph J. Cordiner, Chairman of the Board and Director, General Electric Company, New York, N.Y.

Charles D. Dickey, Director and Member of the Executive Committee, Morgan Guaranty Trust Company of

1961 progress of General Electric included 440,938 share owners and 249,100 employees

New York, New York, N. Y.

Edwin D. Harrison, President, Georgia Institute of Technology, Atlanta, Georgia.

Frederick L. Hovde, President, Purdue University, Lafayette, Indiana.

Gilbert W. Humphrey, Chairman of the Board and Director, The M. A. Hanna Company, Cleveland, Ohio.

Cramer W. LaPierre, Executive Vice President and Director, General Electric Company, New York, N. Y.

John E. Lawrence, Partner, James Lawrence & Co., Boston, Massachusetts.

George H. Love, Chairman of the Board and Director, Consolidation Coal Company, Pittsburgh, Pennsylvania.

Thomas B. McCabe, President and Director, Scott Paper Company, Philadelphia, Pennsylvania.

Neil H. McElroy, Chairman of the Board and Director, The Procter & Gamble Company, Cincinnati, Ohio.

George G. Montgomery, Chairman of the Board and Director, Kern County Land Company, San Francisco, California.

Henry S. Morgan, Partner, Morgan Stanley & Co., New York, N. Y.

Gerald L. Phillippe, President and Director, General Electric Company, New York, N. Y.

Robert T. Stevens, President and Director, J. P. Stevens & Co., Inc., New York, N. Y.

Robert W. Woodruff, Chairman of the Finance Committee and Director, The Coca-Cola Company, Atlanta, Georgia.

Walter B. Wriston, Executive Vice President, First National City Bank, New York, N. Y.

MANAGEMENT

Seasoned managerial leadership was provided for a number of new responsibilities in 1961, reflecting the depth of managerial experience being developed within General Electric's decentralized organization. A new President was elected, as were an Executive Vice President, two new Group Executives, and three new Services Officers. In addition, three new Division General Managers and three new Regional Vice Presidents were chosen. With these changes, the average age of Officers and Managers at the Division General Manager level and above, as listed below, was 52.5 years, as of February 16, 1962, and average service was 27.6 years.

THE EXECUTIVE OFFICE

Ralph J. Cordiner, Chairman of the Board and Chief Executive Officer, has all operating components of the Company reporting to him through the five Group Executives.

Gerald L. Phillippe, elected President in 1961, is in charge of the Company's eight Services.

Cramer W. LaPierre, as Executive Vice President, is responsible for more effective utilization of new technologies for the Company's progress.

Services Officers provide consultation, planning and guidance for General Electric in specific business functions. New Services Officers:

Virgil B. Day, Vice President—Management Development and Employee Relations Services.

Robert E. Pfenning, Comptroller.

J. Stanford Smith, Vice President—Marketing and Public Relations Services.

The other Services Officers:

John D. Lockton, Treasurer.

Francis K. McCune, Vice President — Engineering Services.

Halbert B. Miller, Vice President — Manufacturing Services.

C. Guy Suits, Vice President and Director of Research.

Laurence I. Wood, Vice President—General Counsel, and Secretary.

Group Executives, also members of the Executive Office, are listed below with their respective Groups.

OPERATIONS

The five Groups, 21 operating Divisions, and three subsidiary corporations, with a total of 110 business Departments responsible for the Company's specific products and businesses, are managed as follows:

CONSUMER PRODUCTS GROUP

Fred J. Borch, Vice President and Group Executive.

Hershner Cross, Vice President and General Manager—Radio and Television Division.

William H. Dennler, General Manager—Major Appliance Division.

Reginald H. Jones, Vice President and General Manager—General Electric Supply Company Division.

Charles G. Klock*, President and General Manager—General Electric Credit Corporation.

Willard H. Sahloff, Vice President and General Manager—Housewares and Commercial Equipment Division.

Herman L. Weiss, Vice President and General Manager—Lamp Division.

William C. Wichman, Vice President and General Manager—Hotpoint Division.

ELECTRIC UTILITY GROUP

Charles K. Rieger, Vice President, became Group Executive in 1961.

Clarence H. Linder is Vice President and Consultant to the Group Executive.

Donald E. Craig is newly appointed General Manager—Turbine Division.

The other General Managers for this Group:

Lyman R. Fink, General Manager — Atomic Products Division.

Robert L. Gibson, Vice President and General Manager—Transformer Division.

Hubert W. Gouldthorpe, General Manager—Switchgear and Control Division.

Milton F. Kent, General Manager—Electric Utility Sales Operation.

James F. Young, General Manager—Electric Utility Engineering Operation.

ELECTRONIC AND FLIGHT SYSTEMS GROUP

Jack S. Parker, Vice President, became Group Executive in 1961.

Gerhard Neumann is newly appointed General Manager—Flight Propulsion Division.

The other Division General Managers:

L. Berkley Davis, Vice President and General Manager—Electronic Components Division.

George L. Haller, Vice President and General Manager—Defense Electronics Division.

INDUSTRIAL GROUP

Arthur F. Vinson, Vice President and Group Executive.

John W. Belanger, Vice President—Customer Relations.

S. Wellford Corbin, General Manager—Industrial Sales Operation.

Oscar L. Dunn, Vice President and General Manager—Motor and Generator Division.

Harold A. MacKinnon, Vice President and General Manager—Component Products Division.

Charles E. Reed, Vice President and General Manager—Chemical and Metallurgical Division.

Harold A. Strickland Jr., Vice President and General Manager—Industrial Electronics Division.

INTERNATIONAL GROUP

James H. Goss, Vice President and Group Executive.

Pablo G. Reimundis* is newly appointed Managing Director and Chief Executive Officer—Compagnia Generale di Elettricita.

Charles V. Schelke, Vice President and General Manager—International General Electric Company Division.

J. Herbert Smith*, President and Chief Executive Officer—Canadian General Electric Company, Limited.

REGIONAL VICE PRESIDENTS

These Officers represent the Company within the geographical areas to which they are assigned. Elected in 1961 were:

Charles J. Ellis, Southeastern Region.

Harry P. Gough, Western.

Charles J. Miller, East Central.

Other regional vice presidents:

Edwin H. Howell, Southwestern.

George L. Irvine, Central.

William A. Mann, Mid-States.

George F. Metcalf, Washington Defense Activities.

Harold A. Olson, Northeastern.

Nathan L. Whitecotton, Atlantic.

*Officers of subsidiaries of General Electric.

1961 PROGRESS FOR EMPLOYEES of General Electric is discussed on page 33.

10 YEAR SUMMARY

Dollar amounts in millions	**1961**	**1960**	**1959**	**1958**	**1957**	**1956**	**1955**
Net sales billed	$4,456.8	$4,197.5	$4,349.5	$4,120.8	$4,335.7	$4,090.0	$3,463.7
Product price index (1947-49 = 100)	123	129	135	134	132	124	115
Net earnings	$242.1	$200.1	$280.2	$242.9	$247.9	$213.8	$208.9
Earnings per share of common stock, in dollars (a)	2.72	2.26	3.19	2.78	2.84	2.46	2.41
Earnings as a percentage of sales	5.4%	4.8%	6.4%	5.9%	5.7%	5.2%	6.0%
Earned on capital invested (b)	13.7%	11.9%	16.7%	15.7%	16.9%	15.3%	17.8%
Cash dividends declared—common stock	$176.4	$175.5	$174.3	$173.7	$173.2	$172.4	$145.9
Dividends declared per share, in dollars (a)	2.00	2.00	2.00	2.00	2.00	2.00	1.70
Number of shares issued—December 31 (a)	89,345,647	88,860,183	88,282,899	87,681,422	87,396,796	87,143,662	86,875,994
Average number of share owners of record	440,938	416,950	404,431	395,493	377,555	362,122	338,563
Market price range—General Electric stock (a) (c)	80¾–60½	99⅞–70¼	99⅞–74	79⅜–57	72⅜–52⅜	65½–52¾	57¾–46¼
Current assets	$1,452.5	$1,478.5	$1,567.3	$1,407.9	$1,353.0	$1,268.7	$1,056.1
Current liabilities	782.0	705.6	739.3	700.4	733.4	676.4	708.9
Total assets	2,704.5	2,551.3	2,561.5	2,420.9	2,361.3	2,221.1	1,903.1
Long-term debt and notes payable—Dec. 31	229.6	250.5	278.0	306.3	303.1	308.5	92.0
Share owners' investment	1,603.2	1,513.4	1,457.7	1,311.0	1,231.2	1,143.4	1,089.8
Total capital invested (d)	1,832.8	1,763.9	1,735.7	1,617.3	1,534.3	1,451.9	1,181.8
Plant expenditures	145.2	136.9	91.3	104.1	153.6	205.2	161.4
Depreciation and amortization	117.9	116.0	119.9	124.5	119.9	108.7	97.4
Total employee compensation, incldg. benefits (e)	1,903.6	1,848.2	1,783.7	1,640.2	1,715.3	1,643.8	1,372.4
Average number of employees (f)	249,100	250,621	246,840	249,718	282,029	280,497	250,306
Average compensation per employee, in dollars (e)	$7,642	$7,374	$7,226	$6,568	$6,083	$5,860	$5,483
Total taxes and renegotiation (g)	283.5	229.1	313.1	282.1	300.3	247.2	206.5

(a) Adjusted for 3 for 1 conversion in 1954.

(b) Net earnings for the year—before interest on money borrowed—in relation to total capital invested at the close of each year.

(c) Represents high and low market price on New York Stock Exchange for each year.

(d) Represents total share owners' investment (ownership) plus long-term debt and notes payable as of December 31 each year.

(e) Includes Company cost of pensions, insurance, social security taxes, employee savings programs and all other employee benefits.

(f) An additional 34,085 individuals were employed during 1961 by the Company's nonconsolidated subsidiaries around the world.

(g) Excludes certain excise and sales taxes, which are not included in sales or costs, and social security taxes, which are a part of employment costs.

Printed in U.S.A.

EMPLOYEES

1954	1953	1952
$3,334.7	$3,510.6	$2,993.4
119	118	114
$204.4	$173.8	$164.9
2.36	2.01	1.91
6.1%	5.0%	5.5%
19.2%	17.6%	18.0%
$131.4	$121.6	$85.9
1.53	1.42	1.00
86,660,618	86,537,782	86,537,782
277,047	247,944	252,837
48½–29	30¾–22⅛	24¼–18⅛
$1,056.5	$1,182.4	$1,121.3
686.7	755.2	665.3
1,815.3	1,823.7	1,680.7
51.9	58.2	37.5
1,020.0	942.3	888.8
1,071.9	1,000.5	926.3
170.6	158.7	132.2
86.4	73.6	65.6
1,250.9	1,311.7	1,118.5
243,622	257,091	239,478
$5,135	$5,102	$4,671
230.4	354.0	312.4

This 1961 Annual Report reflects the dedicated response of 249,100 employees of General Electric to "a time of great challenge."

The year's slight decline in average employment resulted from several factors:

► The increase in defense orders for developmental work tends to require technical personnel rather than production employees and in smaller numbers relative to the dollar amounts involved.

► Cost-reduction efforts stressed elimination of less essential activities, particularly in areas adding to overhead costs.

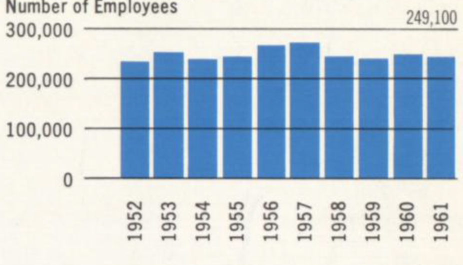
► In order to stay competitive the Company continued to invest heavily in more effective production equipment.

General Electric tries to minimize for employees the impact of equipment changes. The eligible employee who is faced with technological displacement or lay-off for other reasons can be aided by the Income Extension Aid Plan, one feature of which provides employees with money to finance training in other skills or specialties and thus to find new jobs either within the Company or elsewhere. Pioneering of this plan won for General Electric the first annual achievement award granted by the Council on Employee Benefits.

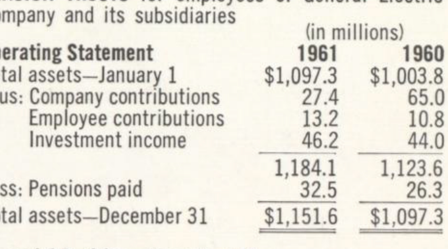
Employee compensation set new records in 1961, as shown in the chart at right. These figures include the Company's 1961 costs of $150 million for employee benefit plans: $2 million for the Income Extension Aid Plan; $27 million for the General Electric Savings and Security Program, under which employees' net savings passed $200 million in 1961; $33 million for the Company's Insurance Plan, which in 1961 paid its 150 millionth dollar in life insurance benefits; the $2 million market value of shares for bonuses to participants in the General Electric Savings and Stock Bonus Plan; nearly $1 million in Suggestion Plan payments; $56 million for social security taxes such as old-age and survivors' insurance and unemployment insurance; and $27 million for pension plans (see table).

Earnings of the General Electric Pension Trust have shown steady improvement, amounting in 1961 to approximately 4.2% on invested assets (excluding net profits on disposition of investments). As a result, the estimated future earnings rate used in the computation of pension liabilities was increased from 3% to 3½% effective January 1, 1961. A reappraisal of liabilities for participants' service since 1946 using the new 3½% interest assumption indicated an excess of applicable Trust assets over such liabilities, since Company contributions in prior years were determined so as to maintain assets equal to liabilities computed at the earnings rates then being used. The Company's contribution to the Trust for the cost of pension credits earned by participants in 1961 takes into account about one-half of such excess.

Average Annual Employment
Number of Employees



Average Annual Compensation per Employee
(Includes Employee Benefits)



PENSION TRUSTS for employees of General Electric Company and its subsidiaries

	(in millions) 1961	1960
Operating Statement		
Total assets—January 1	$1,097.3	$1,003.8
Plus: Company contributions	27.4	65.0
Employee contributions	13.2	10.8
Investment income	46.2	44.0
	1,184.1	1,123.6
Less: Pensions paid	32.5	26.3
Total assets—December 31	$1,151.6	$1,097.3
Financial Position—December 31		
Investments	$1,126.1	$1,068.3
Cash	3.2	1.9
Other assets—net	22.3	27.1
Total assets	$1,151.6	$1,097.3
Liability to pensioners	$ 249.5	$ 205.6
Reserve for pensions to participants not yet retired	902.1	891.7
Liabilities and reserves	$1,151.6	$1,097.3

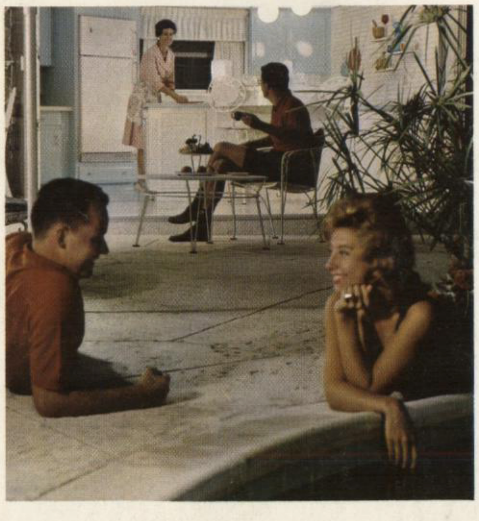
TOTAL ELECTRIC LIVING
dramatized by Medallion Homes

The Gold Medallion Home further strengthened its reputation in 1961 as the ultimate in quality living. This is a house or apartment in which electricity is the only form of energy used. It is electrically heated . . . has full housepower—ample wiring, switches and outlets for present and future needs . . . includes effective lighting . . . and is equipped with major appliances. Electric utilities across the country award Gold or Bronze Medallions according to the electrical standards met.

To facilitate the construction of such homes, General Electric's Residential Market Development Operation is offering builders proposals covering the home products supplied by as many as 12 different Company divisions. The Company is working with nearly 700 builders to develop not only Medallion homes and apartments but also entire communities which make use of such products as electric power distribution equipment and outdoor lighting.

During 1961 General Electric placed particular emphasis on the further development of electrical heating equipment. Representative of these efforts was the introduction of a new radiant heating panel for installation in ceilings.

This approach to electrical home building is important in increasing the electrical content of homes, in helping to build the electrical load of utilities and, as shown below, in helping more Americans live better... electrically.



Below—All-electric communities include many elements that contribute to better family living. The importance of good lighting, indoors and out, is exemplified (1) by General Electric's new post-top area lights designed to blend with community's landscaping. Automatic all-electric heating and cooling may come from one of several Company products, including (2) the Weathertron® heat pump. Adequate home wiring, as represented by a General Electric circuit-breaker entry panel (3), is an essential of total electric living.

Below—All-electric apartments make use of many ideas from General Electric. New high-rise apartment building (4) in which heating and cooling are provided by through-the-wall unit developed by the Company. Compact kitchen for apartments (5) includes combination washer-dryer, large refrigerator, built-in oven, cooktop, ventilating hood and dishwasher. For retirement living, new all-electric garden apartments (6) have been specially designed to make life easier, fuller and more pleasant for the elderly.